UNITED STATES
HOUSE OF
REPRESENTATIVES

MONEY TRUST
INVESTIGATION

16-29

INDEX

1-27

HG
181
.A4
1913
v.16-29
Cop. 2.

UNIV.
OF
MICH.

1837
ARTES
SCIENTIA
VERITAS
LIBRARY OF THE
UNIVERSITY OF MICHIGAN
SI QUAERIS PENINSULAM AMOENAM
CIRCUMSPICE

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 20

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. MCDERMOTT, *Assistant Clerk*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Thursday, January 9, 1913.

The subcommittee met at 11 o'clock a. m.

Present: Messrs. Pujo (chairman), Daugherty, Byrnes, Neeley, Hayes, Guernsey, and Heald.

Present also: Samuel Untermyer, Esq., of New York City, counsel for the committee, and G. Carroll Todd, Esq., assistant counsel for the committee.

The CHAIRMAN. The committee will come to order, and we will resume the taking of testimony.

TESTIMONY OF MR. GEORGE F. BAKER.

The witness was sworn by the chairman.

Mr. UNTERMYER. Where do you reside, Mr. Baker?

Mr. BAKER. New York City.

Mr. UNTERMYER. What is your occupation?

Mr. BAKER. Banker.

Mr. UNTERMYER. Are you chairman of the board of directors of the First National Bank of New York?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there an executive committee of the bank?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Are you chairman of the executive committee?

Mr. BAKER. Practically.

Mr. UNTERMYER. Were you formerly the president of that bank?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. When did you become president?

Mr. BAKER. I think, in 1874; about that time.

Mr. UNTERMYER. What was, at that time, the capital of the bank?

Mr. BAKER. $500,000.

Mr. UNTERMYER. Where was the bank located at that time?

Mr. BAKER. 92 Broadway, or 90.

Mr. UNTERMYER. And it is now located where? At the same place?

Mr. BAKER. At the corner of Broadway and Wall Street.

Mr. UNTERMYER. At the time you became president of the bank, what was its surplus?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Have you the figures there?

Mr. BAKER. I have not. [Addressing Mr. George F. Baker, jr.:] Have you got them?

Mr. GEORGE F. BAKER, Jr. I can tell you in a moment.

Mr. UNTERMYER. Will you please furnish them for Mr. Baker?

Mr. GEORGE F. BAKER, Jr. They have been furnished, Mr. Untermyer.

Mr. UNTERMYER. You have furnished the committee, have you not, with a statement of the capital and net profits, dividends, surplus, and profits?

Mr. BAKER. I understood that the officers had.

Mr. UNTERMYER. Are these the statements that were furnished?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. We will offer those in evidence.

The papers referred to were thereupon marked "Exhibit No. 194, January 9, 1913," and will be found at the end of this day's proceedings.

Mr. BAKER. May I tell you the surplus from that paper? It must be right there.

Mr. UNTERMYER. Yes. It appears that the surplus was then $521,128.

Mr. BAKER. It must be more than that.

Mr. UNTERMYER. That was the total surplus and profits in 1874, according to this statement.

Mr. GEORGE F. BAKER, Jr. One moment, Mr. Untermyer. I think that is the net profits for that year. I will tell you in a moment.

Mr. UNTERMYER. No; the surplus at that time was $500,000, and the surplus and undivided net profits together were $521,128.

Mr. BAKER. 1874, that was?

Mr. UNTERMYER. Yes.

Mr. BAKER. Right after the panic? Well, I suppose that is nearly right.

Mr. UNTERMYER. They were not any more before the panic, were they?

Mr. BAKER. Not much of any.

Mr. UNTERMYER. They were less, were they not?

Mr. BAKER. I suppose so.

Mr. UNTERMYER. And they increased during the panic and after the panic, did they not?

Mr. BAKER. I do not remember. I should not think they would increase much during the panic.

Mr. UNTERMYER. In 1873 the surplus was $350,000 and the surplus and undivided profits together were $361,886. The next year the surplus and profits had increased to $521,128? Is that right?

Mr. BAKER. Yes, sir; that is correct.

Mr. UNTERMYER. So that the panic did not bother you much, did it?

Mr. BAKER. I guess if you had been there you would have thought so.

Mr. UNTERMYER. When was the capital increased? 1901, was it not?

Mr. BAKER. 1901.

Mr. UNTERMYER. It was increased from $500,000 to how much?

Mr. BAKER. $10,000,000.

Mr. UNTERMYER. And was that increase brought about by a dividend?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How much of a dividend was paid on the $500,000?

Mr. BAKER. Enough to pay $10,000,000.

Mr. UNTERMYER. That is, there was a dividend of $9,500,000? Is that right?

Mr. BAKER. No; I do not think it is.

Mr. GEORGE F. BAKER, Jr. The figures are here.

Mr. BAKER. That is correct; yes, sir.

Mr. UNTERMYER. That is, a dividend of 1,950 per cent, is it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. After paying that dividend out of the surplus of the bank, was there any surplus left?

Mr. BAKER. I think there were $3,415,000. In 1902, you mean. I am not very familiar with these details, Mr. Untermyer. I have gotten out of the way of it.

Mr. UNTERMYER. Do you not think, Mr. Baker, that that $3,415,000 was the profits of that year? If you will turn to the other sheet you will see. Please state from the other sheet how much surplus was left after the dividend of $9,500,000 on the $500,000. There was a surplus of $11,641,124, was there not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That was equivalent to about 2,100 per cent additional on the original capital?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. From the time this capital was increased from $500,000 to $10,000,000, have you any statement showing the percentages of dividends that were paid upon the increases of capital of $10,000,000, year by year.

Mr. BAKER. It shows in this paper the amount of dividends which we divided. The next year it was $2,000,000, which would be 20 per cent, and the next year the same.

Mr. UNTERMYER. That is, in 1904 it was 20 per cent, was it not?

Mr. BAKER. In 1902 it was 20 per cent, and 1903 and 1904, too.

Mr. UNTERMYER. And in 1905?

Mr. BAKER. There were $625,000 more.

Mr. UNTERMYER. That was 21¼ per cent, and an extra dividend of 5 per cent?

Mr. BAKER. I think so.

Mr. UNTERMYER. And in 1906?

Mr. BAKER. It was the same.

Mr. UNTERMYER. Twenty-six and three-fourths per cent, is it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. In 1907 how much was it, in per cent?

Mr. BAKER. That was 32 per cent.

Mr. UNTERMYER. In 1908 what was the dividend declared on this $10,000,000 of capital? It was 132 per cent, was it not?

Mr. BAKER. One hundred and twenty-six per cent.

Mr. UNTERMYER. Was it not 132 per cent?

Mr. BAKER. No; it was 126 per cent, I think.

Mr. UNTERMYER. In 1909 how much was it?

Mr. BAKER. It was 28.

Mr. UNTERMYER. And in 1910?

Mr. BAKER. It was 28.

Mr. UNTERMYER. And in 1911?
Mr. BAKER. It was 38.
Mr. UNTERMYER. Have you declared your dividend for 1912 yet?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. How much was it?
Mr. BAKER. It was 33 per cent.
Mr. UNTERMYER. Excluding 1905, the total dividends of the last four years were 226 per cent, were they not, equal to $22,600,000 in dividends?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. At the time of this declaration of this extra dividend of 100 per cent in 1908, in addition to the 32 per cent, was there a security company formed?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. That 100 per cent, or $10,000,000, was declared, was it not, for the purpose of permitting it to be used in the organization of the First Security Co.?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Have you here the papers connected with the organization of that company?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Will you please produce them?
Mr. FISHER A. BAKER. What do you wish—the agreement that was made with the stockholders beforehand or the certificate of incorporation?
Mr. UNTERMYER. We want all the papers—the agreement with the stockholders, the circular that was sent out by the First National Bank, and the certificate of incorporation.
Mr. FISHER A. BAKER. That is the agreement with the stockholders and the certificate of incorporation [handing papers to Mr. Untermyer]. Those are the only papers.
Mr. UNTERMYER. There was a circular issued, was there not?
Mr. FISHER A. BAKER. No; there was none at all. You are mistaken about that; that is, I have no remembrance of it.
Mr. UNTERMYER. Will you please look at the paper I show you now and tell me whether or not that is a correct copy of a statement or circular that was issued to your stockholders at the time of the organization of the security company? Attached to it you will find the form of indorsement.
Mr. BAKER. That is undoubtedly true. I do not remember it, but there is no doubt about it.
Mr. UNTERMYER. There is no doubt that circular was issued by the bank to its stockholders, inviting them to subscribe to this security stock?
Mr. BAKER. Yes, sir; that is right.
Mr. UNTERMYER. I will have marked in evidence the agreement that has been produced between George F. Baker, Harris C. Fahnstock, Francis L. Hine, Henry P. Davison, George F. Baker, jr., and Charles D. Backus, parties of the first part, and J. Pierpont Morgan and others, designated as the stockholders, parties of the second part.

The paper referred to was marked "Exhibit No. 195," and will be found at the end of to-day's record.

Mr. UNTERMYER. I also will have marked as an exhibit the certificate of incorporation of the First Security Co.

The paper referred to was marked "Exhibit No. 196," and will be found at the end of to-day's record.

Mr. UNTERMYER. The circulars and indorsement which the witness has identified, I will read to the committee, this being a circular from the First National Bank addressed to its stockholders:

[Verbatim copy of circular letter issued by George F. Baker to stockholders of First National Bank, Feb. 14, 1908.]

DEAR SIR: It is deemed to be for the interests of stockholders of this bank that a security company, such as has proved advantageous in the case of several other banks, should be organized for the purpose in part of transacting for its patrons lines of profitable business, which, though often transacted by bankers, are not expressly included within the corporate powers of national banks. Among these are the acquiring and holding of real estate, stocks, and other property.

To this end it is desired to secure the assent in writing of our stockholders to a plan of organizing a security company under the name of the First Security Co., with a paid-up capital of $10,000,000, the stock to be issued to and held by six trustees, who shall be the president, vice presidents, and the cashier of the bank. These trustees shall exercise the powers of the ownership of the stock, shall elect the same board of directors as that of the bank, shall collect all dividends and pay the same over to the bank for immediate distribution to its shareholders, who have assented to this plan.

Upon receiving the assent of the stockholders the bank purposes to make a special dividend of 100 per cent ($10,000,000) to be received by the trustees, and to be applied to the payment of the capital stock of the Security Co., which stock shall be held by the trustees for the benefit of the shareholders of the bank assenting to this plan.

Upon each certificate of every assenting stockholder of the bank there shall be the indorsement that appears on the following page.

The formal agreement for incorporation, assent, etc., has been carefully prepared by our counsel, and has been approved by our directors, who have and recommend your assent thereto.

Your proportionate share of the bank's assets will be in no wise changed.

Kindly sign and return promptly the inclosed power or call at the bank and sign the agreement.

[Verbatim copy of indorsement referred to in the letter.]

The registered holder of the within certificate is entitled, for and in respect of each and every share of stock of the First National Bank of the City of New York represented thereby, to share equally and ratably with all other holders of stock certificates of the bank similarly indorsed, according to their several interests, in the dividends and profits, and, in case of dissolution, in the distribution of the capital of the First Security Co., a corporation of the State of New York organized in pursuance of a certain written agreement dated February 14, 1908, between George F. Baker and others, trustees, and J. Pierpont Morgan and others, stockholders; such interests of the owner of the within certificate, and of all other like certificates, similarly indorsed, being subject to all the terms, conditions, and limitations of said agreement, such ratable interest to be sold and transferred ratably only by the transfer upon the books of the bank of one or more of the shares of the stock in the bank represented by a bank stock certificate bearing this indorsement, and all of the interest in and to or in respect of said Security Co. or its capital stock, represented by a bank stock certificate bearing this indorsement shall pass ratably with, and only with, the transfer of such shares of the bank represented by such bank stock certificate, and upon transfer thereof upon the books of the bank; and an interest in the security company attached to any share of the bank shall be alienable only in connection with such transfer of such bank stock.

No holder of the within certificate or any transferee of any share thereby represented shall be entitled in lieu thereof to demand or receive from the bank a new certificate except with this indorsement thereon; and a transfer of any

share of bank stock represented by the within bank stock certificate shall be made by any holder thereof only to a transferee accepting therefor a new certificate bearing this indorsement.

No right to vote upon or in respect of any stock of the security company passes to or shall be exercised by the holder of the within certificate, such voting right being reserved to and by the trustees or their successors.

The trustees at this time were George F. Baker, H. C. Fahnestock, F. L. Hine, Henry P. Davison, George F. Baker, jr., and Charles D. Buckus.

The bank in its statement issued in response to the comptroller's call of February 14, 1903, reported bonds, securities, etc., to the amount of $60,696,651; deposits, $113,632,559.

From the above it is plain that the First National Bank of New York and First Security Co. are absolutely one concern, a big speculative outfit using the bank's capital, hiding the assets in the security company's treasury on which "No reports are ever made."

Mr. UNTERMYER. The agreement and certificate of incorporation, Mr. Chairman, are rather lengthy and I will not read them at this time.

The CHAIRMAN. Those will be incorporated in the record.

Mr. UNTERMYER. Mr. Baker, what was the purpose of organizing the security company?

Mr. BAKER. Exactly as stated there in that circular.

Mr. UNTERMYER. How do you state the purpose?

Mr. BAKER. For doing business that was not specially authorized by the banking act. We held some securities that in the early days were considered perfectly proper, but under some later decisions of the courts the holding of bank stock or other stock was prohibited; at any rate, the comptroller prohibited it.

Mr. UNTERMYER. Was this company formed for the purpose of enabling you and your associates to deal more freely in stock?

Mr. BAKER. In any of the securities. If you came there and wanted a loan on your property of $1,000 and put it up as collateral, under the national banking act we have no right to do it. To-day in the security company we can make this loan.

Mr. UNTERMYER. Was it to enable your associates to deal in stocks, to buy and sell stocks freely?

Mr. BAKER. We never did that, and never have since.

Mr. UNTERMYER. The security company does not buy and sell stock?

Mr. BAKER. I did not say not any; but not freely. I do not think, since its organization, our purchases of stock have averaged 100 shares a day.

Mr. UNTERMYER. What were its dealings? What was the character of its business?

Mr. BAKER. Simply to hold the investments we had, principally.

Mr. UNTERMYER. Did the First National Bank at that time have stocks of other banks?

Mr. BAKER. Yes, sir; I think so.

Mr. UNTERMYER. What stocks of other banks were turned over by it at that time to the security company? Did you turn over any at that time?

Mr. BAKER. As I told you, I thought so, but we did not have any; I was mistaken.

Mr. UNTERMYER. Did the First National Bank own part of the stock of the Chase Bank at that time?

Mr. BAKER. No, sir.

Mr. UNTERMYER. How was the Chase Bank stock held?

Mr. BAKER. I think I held it individually, what we held at that time.

Mr. UNTERMYER. We are speaking now of 1908.

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How much Chase Bank stock did you hold at that time?

Mr. BAKER. I do not remember. Probably half of the amount.

Mr. UNTERMYER. We would like to know as to that, whether it was more than half, and how much more than half.

Mr. BAKER. I could not tell how much more, but I will say it was a little more than half.

Mr. UNTERMYER. It was a clear control of the bank?

Mr. BAKER. It was a majority; yes, sir.

Mr. UNTERMYER. Was that stock held by you for the First National Bank in its interest and for its account?

Mr. BAKER. In its interest.

Mr. UNTERMYER. Had it been acquired out of the assets of the First National Bank?

Mr. BAKER. No, sir.

Mr. UNTERMYER. How had it been acquired?

Mr. BAKER. I had acquired it myself.

Mr. UNTERMYER. Had it not been paid for out of the bank's property?

Mr. BAKER. No, sir.

Mr. UNTERMYER. When was it acquired?

Mr. BAKER. I could not tell from memory. It went over a considerable period of time.

Mr. UNTERMYER. It was never carried among the First National Bank property as an asset?

Mr. BAKER. I think not.

Mr. UNTERMYER. Was there any paper or document of any kind showing it belonged to the First National Bank?

Mr. BAKER. No, sir.

Mr. UNTERMYER. It was just a matter of your word, was it?

Mr. BAKER. Yes, sir. I do not know that I ever expressed a word.

Mr. UNTERMYER. Can you not give us the date of the acquisition of that stock?

Mr. BAKER. It was not at one time. It was all in different periods; acquired as I could get possession of it.

Mr. UNTERMYER. You mean you accumulated it from time to time?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you no data and no book or record that will show how and when it was accumulated?

Mr. BAKER. I do not believe I have.

Mr. UNTERMYER. Can you tell us when you secured for the First National Bank a clear control of the stock of the Chase Bank?

Mr. BAKER. No, sir; some years ago, I will state.

Mr. UNTERMYER. That is, the control has been held in the interest of the First National Bank for many years, has it?

Mr. BAKER. Several years; yes, sir.

Mr. UNTERMYER. Is there no way in which you can tell us more definitely when that control was acquired, or in what year?

Mr. BAKER. I presume if I searched the books I could tell, but I can not from recollection.

Mr. UNTERMYER. Has it been held in the interest of the bank for 20 years?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Or for 10 years?

Mr. BAKER. No, sir. If you ask me if it was five years, I should just say I think so.

Mr. UNTERMYER. You think it is somewhere around five or six or seven years?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That it has been so held?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How long have you had any interest, or how long has the First National Bank had any interest, in the Chase Bank?

Mr. BAKER. Twice as long as that.

Mr. UNTERMYER. That is, you began buying——

Mr. SPOONER. He has testified the bank did not have any interest.

Mr. BAKER. Did you ask if the bank had an interest?

Mr. UNTERMYER. Yes.

Mr. BAKER. I told you before that the bank had not. It was me personally.

Mr. UNTERMYER. I understood you to say that this bank stock of the Chase Bank was held for the account of the First National Bank.

Mr. BAKER. No; I do not think so.

Mr. UNTERMYER. You never did?

Mr. BAKER. No, sir.

Mr. UNTERMYER. It never belonged to the bank?

Mr. BAKER. No, sir.

Mr. UNTERMYER. It was never considered a part of the bank's assets or property?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Was it sold for the account of the bank? When you sold it did you sell it for the account of the bank?

Mr. BAKER. I do not understand. It was not sold.

Mr. UNTERMYER. I want to know whether any part of this stock of the Chase Bank was paid for out of the First National Bank assets.

Mr. BAKER. No, sir.

Mr. UNTERMYER. At no time?

Mr. BAKER. No, sir.

Mr. UNTERMYER. It was all held in your individual name, was it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Did the First National Bank keep any book in which it put assets that did not appear in its surplus or undivided profits?

Mr. BAKER. No, sir; never while I had anything to do with it.

Mr. UNTERMYER. It had no account where it placed assets that are charged off?

Mr. BAKER. Our suspended debt account.

Mr. UNTERMYER. That is an account that appears on the books of the bank, is it not?

Mr. BAKER. Yes, sir.
Mr. UNTERMYER. A suspense account?
Mr. BAKER. It is one of the regular books of the bank; yes, sir.
Mr. UNTERMYER. That is a book or account in which you enter assets to be charged off, and, if they come in, you credit them?
Mr. BAKER. Yes, sir; credit them.
Mr. UNTERMYER. Is that right?
Mr. BAKER. That is correct.
Mr. UNTERMYER. How long a time have you held the clear control of the Chase Bank?
Mr. BAKER. I should guess for five or six years.
Mr. UNTERMYER. And your entire interest in it—that is, from the time you became interested in it—is within 10 years?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Am I right about that—that your interest in the Chase Bank began about 10 years ago?
Mr. BAKER. About that time; yes, sir.
Mr. UNTERMYER. Approximately?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. What interest did you acquire then?
Mr. BAKER. I do not remember.
Mr. UNTERMYER. Tell us approximately.
Mr. BAKER. I could not.
Mr. UNTERMYER. How many purchases did you make of the stock?
Mr. BAKER. Oh, a good many.
Mr. UNTERMYER. Did the First National Bank, directly or indirectly, hold stock of any other banks?
Mr. BAKER. May I ask that question of my son here?
Mr. UNTERMYER. No; if you do not know, say so.
Mr. BAKER. I do not know. I do not remember that they did.
Mr. UNTERMYER. You do not remember whether the First National Bank ever acquired interests in other banks, either directly or through you or others, for the bank?
Mr. BAKER. You mean since then?
Mr. UNTERMYER. No; at any time.
Mr. BAKER. Well, the First National Bank never did; no, sir.
Mr. UNTERMYER. Were they acquired for the account of the First National Bank?
Mr. BAKER. They were in the interest of the First National Bank.
Mr. UNTERMYER. In what sense do you mean in the interest of the First National Bank?
Mr. BAKER. That I bought them myself.
Mr. UNTERMYER. You paid for them, and with the idea that the stockholders of the First National Bank should get the benefit of them?
Mr. BAKER. Indirectly they got a benefit from them; and when they organized the security company they were turned over to that company.
Mr. UNTERMYER. Those stocks of banks that you acquired were turned over to the security company, were they not?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Did that include the Chase stock?
Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What stocks of banks were turned over to the security company? Have you a list of them?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Please produce it.

Mr. BAKER. I would like to say there, if you will allow me, Mr. Untermyer, that that is rather our own personal matter. There are no stocks of any bank or other stocks of ours that pertain to this inquiry you are making, except the Chase National Bank stock, in which we have a majority of the shares. The rest of them were small amounts. I would not like to publish the names of them. We are very glad to have you personally look at them, with our counsel, if you want to see if there is anything there you want.

Mr. UNTERMYER. If you have no objection, the committee would like to look at them, and if there is nothing that appears very material we shall not care to publish the names. If the committee decides there is anything there that should be published or about which you should be asked, then you will have the opportunity of declining to answer, if you choose to do so.

Mr. BAKER. There is nothing. I shall be glad to do that. I do not care to make a public record of our private affairs.

Mr. UNTERMYER. The committee has no disposition to make a public record of anything that does not seem material to the inquiry.

Mr. BAKER. It is short, and you can run over it in your mind in two minutes and see if there is anything you want to ask.

The witness here produced a paper and handed it to counsel for the committee.

Mr. UNTERMYER. Mr. Baker, there are only two or three of the bank stocks referred to on the list concerning which the committee will want the record to show the situation, and these are the three [indicating].

Mr. BAKER. All right, sir; anything you really want I shall be very glad to give you, but make those as few as you can, please.

Mr. UNTERMYER. I will read into the record from the statement the bank holdings that were turned over to the First Security Co., the following: What is "H. B."—"Minneapolis First H. B."?

Mr. BAKER. I guess that is N. B.

Mr. UNTERMYER. Oh; Minneapolis First National Bank, 500 shares; Minneapolis Trust Co., 200 shares; Astor Trust Co., 200 shares; Bankers' Trust Co., 2,500 shares; Brooklyn Trust Co., 50 shares; Chase National Bank, 28,632 shares; Liberty National Bank, 928 shares; National Bank of Commerce, 5,400 shares; New York Trust Co., 250 shares.

What was the market value of the Bankers' Trust Co. stock?

Mr. BAKER. Now or then? It varies.

Mr. UNTERMYER. At the time in 1908 when it was turned over to the Security Co.?

Mr. BAKER. Oh, I do not think that amount was turned over at that time.

Mr. UNTERMYER. Well, its market value to-day is about how much, about $800 a share, is it?

Mr. BAKER. I think not as high as that. I have not kept a record, but I do not suppose it was that high.

Mr. UNTERMYER. About how much?

Mr. BAKER. About 550.
Mr. UNTERMYER. About 550 a share?
Mr. BAKER. Yes.
Mr. UNTERMYER. At the time these stocks were turned over to the security company, including the Chase stock, were you paid for the Chase stock by the security company and for the other stocks that were turned over?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. At what time was the Chase stock turned over to the security company?
Mr. BAKER. I do not remember.
Mr. UNTERMYER. That was quite a transaction, Mr. Baker, was it not?
Mr. BAKER. I could not tell you now.
Mr. UNTERMYER. You could not give us approximately the figures?
Mr. BAKER. No. It was not, however, the present quotation.
Mr. UNTERMYER. But you can not tell us——
Mr. BAKER. No; those figures are not correct, either.
Mr. UNTERMYER. What was the total capital of the Chase National Bank—$5,000,000?
Mr. BAKER. I think it was $1,000,000 at that time.
Mr. UNTERMYER. There were 28,000 shares turned over.
Mr. BAKER. Because they increased their capital five times.
Mr. UNTERMYER. You mean they increased their capital at the time the stock was turned over?
Mr. BAKER. From $1,000,000 to $5,000,000.
Mr. UNTERMYER. At the time you turned over these 28,632 shares of stock in the Chase Bank to the security company what was the capital?
Mr. BAKER. It was not 28,000 shares at that time. The capital was $1,000,000. It was less than one-fifth of that.
Mr. UNTERMYER. But what you held represented a control?
Mr. BAKER. Yes.
Mr. UNTERMYER. Do you remember when the capital stock of the Chase Bank was increased?
Mr. BAKER. Within five years; four or five years. I do not remember exactly.
Mr. UNTERMYER. Well, the security company was formed about four and a half years ago, was it not, in 1908, some time?
Mr. BAKER. Yes.
Mr. UNTERMYER. How long after the security company was formed was the capital of the Chase Bank increased from $1,000,000 to $5,000,000?
Mr. BAKER. May I ask my son?
Mr. UNTERMYER. Yes.
Mr. GEORGE F. BAKER, Jr. The Chase Bank increased its capital in 1906, so it must have all been turned over.
Mr. BAKER. I was mistaken. I turned that stock over as it stands. In 1906 the Chase Bank capital was increased.
Mr. UNTERMYER. The capital of the Chase Bank was $5,000,000 at that time?
Mr. BAKER. Yes, sir; I was mistaken.
Mr. UNTERMYER. Previous to that it had been increased out of surplus from $1,000,000 to $5,000,000, had it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were there any securities turned over by you to the First Security Co. other than the bank stocks?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were these railroad securities turned over by you?

Mr. BAKER. Yes, sir; perhaps not the exact amounts that are there stated, but——

Mr. UNTERMYER. But in substance?

Mr. BAKER. Yes.

Mr. UNTERMYER. The surplus of the First National Bank is now about $20,000,000?

Mr. BAKER. Oh, did you ask me if they were turned over by me myself?

Mr. UNTERMYER. Yes.

Mr. BAKER. No, sir. We bought those from the First National Bank.

Mr. UNTERMYER. They were turned over by the First National Bank, were they?

Mr. BAKER. Yes.

Mr. UNTERMYER. Had the First National Bank then been carrying railroad and other stocks?

Mr. BAKER. Yes.

Mr. UNTERMYER. Had any complaint been made by the department at Washington about their carrying stocks?

Mr. BAKER. Yes, sir; and for that reason we organized the security company and turned them over, to comply with the regulations. We had been in business for half a century there, and we never have had any complaint from the department of anything that they thought ought to be run differently that we have not rectified.

Mr. UNTERMYER. The security company itself has been the subject of complaint, has it not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did you not know that the Attorney General had rendered an opinion as to its legality in connection with the bank?

Mr. BAKER. Oh, I saw something about it in the papers, but they never complained to us.

Mr. UNTERMYER. You only saw it in the papers?

Mr. BAKER. Yes.

Mr. UNTERMYER. Did you not have counsel present the subject to the Attorney General?

Mr. BAKER. We did not, did we? I never heard of it; no sir.

Mr. UNTERMYER. Did you not know that the question had been presented in briefs of counsel?

Mr. BAKER. Not in regard to our company.

Mr. UNTERMYER. But in regard to another company formed in the same way?

Mr. BAKER. Yes, sir; that is just what I saw in the newspapers.

Mr. UNTERMYER. And you knew that the National City Bank had the same arrangement, did you?

Mr. BAKER. Practically. I do not know just what their arrangement was. I never saw one of their certificates.

Mr. UNTERMYER. This security company is identical in its directorate with the bank, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. The same directors?

Mr. BAKER. Yes.

Mr. UNTERMYER. The same officers?

Mr. BAKER. Some.

Mr. UNTERMYER. Do the stockholders of the security company have any vote?

Mr. BAKER. No. They put their stock in the hands of the trustees.

Mr. UNTERMYER. There is a voting trust, is there?

Mr. BAKER. I do not know whether you call it a voting trust or not. You might. The trustees exercise that power.

Mr. UNTERMYER. It is a perpetual voting trust, is it not?

Mr. BAKER. No; I think they can only make one for five years.

Mr. UNTERMYER. But this one has been made perpetual, has it not?

Mr. BAKER. What?

Mr. UNTERMYER. This one has been made without limit of time?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Who are the voting trustees on the First Security stock?

Mr. BAKER. The officers of the bank and the officers of the company.

Mr. UNTERMYER. Whoever happened to be the then officers of the bank?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. They are the voting trustees on that security stock?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then the purpose of organizing the security company was to do things that the bank could not lawfully do? Was that it?

Mr. BAKER. Yes, sir. To do things that they were not specially authorized to do.

If you will let me explain right here?

Mr. UNTERMYER. Certainly, if you would like to do so. Proceed.

Mr. BAKER. The question about the legality or lawfulness of a bank's holding stock was a question that only came up for consideration in that way of later years.

The national banks were authorized—and it was one of Secretary Chase's bright thoughts—for the purpose of dealing in bonds. That is what the First National Bank was authorized for, and was the object of the national bank act, to deal in bonds and to buy bonds that they would hold, of the Government, in the time of the war there; also, which was a very shrewd thing, to make them keep a reserve and keep it in legal tender, and out of the hands of the public. It was not thought to be out of the way to be buying stocks, because I know that the Secretary himself personally urged people when the First National Bank was chartered in New York—there being no large national bank there and we being about the most active and only having $200,000 capital—and he personally suggested to other banks, and it was the intention of a great many of the banks, to buy stock and own it in the First National Bank and keep their accounts there, and try to make a large bank of it, to be

owned by the country banks largely. The purchase of bank stocks or any other stocks for years and years was never questioned by the comptroller.

Mr. UNTERMYER. Until when?

Mr. BAKER. Until probably 10 years ago.

Mr. UNTERMYER. And for how many years did you continue to carry stocks in the First National Bank after the right to do so was questioned?

Mr. BAKER. Probably for five or six years, I should think; but after we were told that we absolutely must not do it, we stopped it.

Mr. UNTERMYER. Do you regard the organization of this security company in the way in which it is organized, considering its form of organization, identity of stock ownership and control, as a mere evasion of the banking act?

Mr. BAKER. Oh, no, sir.

Mr. UNTERMYER. You do not?

Mr. BAKER. No, sir; not at all.

Mr. UNTERMYER. You know that you can not sell a share of the security company without a share of the bank going with it, do you not?

Mr. BAKER. Oh, yes, sir.

Mr. UNTERMYER. You know you can not buy a share of one without the other?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And, as a matter of fact, the identity and proportion of ownership in each is the same, is it not?

Mr. BAKER. Yes. I will tell you a point on that——

Mr. UNTERMYER. And the management is the same?

Mr. BAKER. Absolutely; yes, sir.

Mr. UNTERMYER. The bank can lend the security company money, can it not?

Mr. BAKER. Oh, certainly.

Mr. UNTERMYER. And the security company is a depositor with the bank is it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there any further explanation you wanted to make in that connection?

Mr. BAKER. Yes; just a little word. Let me say this: When we talked of this thing first, as to the reason it is connected so closely with the bank, the natural impulse, if we wanted to do it for ourselves, would have been to have it owned by a small coterie of 8 or 10 people, like the First National Bank itself was. We thought of first starting the security company that way, and doing business through it. That has always been a fairly profitable part of our business.

Mr. UNTERMYER. What has been a fairly profitable part of your business?

Mr. BAKER. The owning of securities that pay good rates of interest—a great deal better rates of interest than bonds would.

Mr. UNTERMYER. You mean, the purchase and sale of stocks?

Mr. BAKER. Yes. Principally the holding. We never purchased and sold much. We never bought and sold many stocks.

Mr. UNTERMYER. Has not the security company been buying and selling stocks?

Mr. BAKER. As I have stated, we have not averaged 100 shares a day since we started. They figured it up the other day, as a matter of curiosity.

Mr. UNTERMYER. What business does it do?

Mr. BAKER. Not much of anying, except——

Mr. UNTERMYER (interposing). What is its surplus?

Mr. BAKER. I think it is about $4,000,000.

Mr. UNTERMYER. What dividends does it pay?

Mr. BAKER. It pays 12 per cent, and 5 per cent extra last year.

Mr. UNTERMYER. And, in addition to paying from 12 to 17 per cent a year, in the four years of its existence it has accumulated 40 per cent, has it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. It must do some business, then, must it not, Mr. Baker?

Mr. BAKER. I did not say that it did not do any business. It does some business. Its liquidating value is larger than its surplus; and if it sells some securities that we have had for a long time, they may give a profit, and that goes into the profit and loss account.

Mr. UNTERMYER. I suppose, in estimating your surplus, you figured your securities conservatively, did you not?

Mr. BAKER. No, sir; that surplus stands exactly as it is in the cash on the books.

Mr. UNTERMYER. But I say, in figuring your assets so as to reach this surplus, have you taken your securities very conservatively?

Mr. BAKER. We do not reach our surplus on that day.

Mr. UNTERMYER. But when do you figure it?

Mr. BAKER. We figure it conservatively; yes.

Mr. UNTERMYER. You do reach a surplus by valuing your securities?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You could not reach it in any other way, could you?

Mr. BAKER. Yes.

Mr. UNTERMYER. You have to find out what your assets are and what your capital is, in order to reach your surplus, do you not?

Mr. BAKER. Yes; but our surplus stands at the book value of the amount in cash profits that we have realized.

Mr. UNTERMYER. I see. Then, in fixing your assets, you have kept these securities at the original book value?

Mr. BAKER. Mostly. Sometimes we have carried up a little money.

Mr. UNTERMYER. As a rule, you have kept them at the original cost?

Mr. BAKER. Pretty nearly.

Mr. UNTERMYER. And you have not taken the benefit of any increase in value?

Mr. BAKER. Not in many instances.

Mr. UNTERMYER. They have increased in value, have they not?

Mr. BAKER. Yes, sir; some of them.

Mr. UNTERMYER. Very largely, have they not?

Mr. BAKER. Some of them have and some of them have not.

Mr. UNTERMYER. But, on the whole, there has been a very large increase?

Mr. BAKER. Yes; quite an increase.

Mr. UNTERMYER. For instance, in your Standard Oil stock there has been a very heavy increase, has there not?

Mr. BAKER. No, sir; that stands just the same.

Mr. UNTERMYER. The Tide Water Oil Co.'s stock is 34,000 shares. Has there not been an increase in that?

Mr. BAKER. There is no market for that.

Mr. UNTERMYER. But there has been an increase in the quoted price, has there not?

Mr. BAKER. I do not think you see any quoted prices on that.

Mr. UNTERMYER. On Tide Water stock?

Mr. BAKER. No, sir; I never saw one.

Mr. FISHER A. BAKER. Mr. Untermyer, the witness was going on to say why he formed a corporation with all the stockholders instead of the few, and he was interrupted at that time.

Mr. BAKER. Yes. May I continue that? I would like to make that clear to you.

Mr. UNTERMYER. If you would like to explain further concerning this security company and why it was to take in all the stockholders of the bank instead of taking in only the larger ones, you may go on and do so, please.

Mr. FISHER A. BAKER. Only because he started on that.

The CHAIRMAN. I will just state, so that it will be understood, that the ruling of the committee has been that any witness has a right to confer with assistants or with his counsel, but we respectfully request that there shall be no interjections in the hearings.

Mr. FISHER A. BAKER. This was simply because the witness was going on with an explanation and Mr. Untermyer called his attention to something else and he did not complete his explanation.

The CHAIRMAN. I merely wish to state the ruling of the committee in that regard. The witness may continue.

Mr. BAKER. If we were looking to the personal advantage of those more nearly connected with the bank, we would have organized a company like the First National Bank used to be, of 8 or 10 individuals. As it was, we concluded that every shareholder in the First National Bank should have an interest in it if he chose. For that reason we organized it as it was, and the man that held one share of stock had just as much interest, proportionately, as any other person or the largest stockholder.

I want to say, too, that the officers of the First National Bank have given their services without charge through the whole thing; we never made any charge.

Mr. UNTERMYER. It is practically one concern, is it not?

Mr. BAKER. It is absolutely the same ownership; yes, sir.

Mr. UNTERMYER. Do you not know, Mr. Baker, that you could not have turned over the assets of the bank to the security company for the benefit of seven or eight of the large stockholders without offering a participation to the others?

Mr. BAKER. Yes. We would simply have sold that at auction, and those people would have bought them in.

Mr. UNTERMYER. You think that? You think you could have sold them at auction and had the insiders buy them in? Is that your idea?

Mr. BAKER. At auction; or even on the stock exchange. I presume that would have been proper.

Mr. UNTERMYER. This was a means, then, of really carrying on the same business as you had been carrying on before without coming in contact with the law?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That was the purpose of it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How much of the First National Bank stock do you own, Mr. Baker?

Mr. BAKER. Now?

Mr. UNTERMYER. Yes.

Mr. BAKER. Twenty thousand shares.

Mr. UNTERMYER. And you have owned that, or that proportion, for many years, have you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And your son owns some also?

Mr. BAKER. My son owns something over 5,000 shares.

Mr. UNTERMYER. Who is the next largest stockholder?

Mr. BAKER. Mr. Morgan.

Mr. UNTERMYER. How much stock does Mr. Morgan own? He owns 14,500 shares, does he not?

Mr. BAKER. Somewhere about that; about 15,000 shares.

Mr. UNTERMYER. And Mr. Davison, his partner, owns some of the stock, does he not?

Mr. BAKER. Yes, sir; he was our vice president.

Mr. UNTERMYER. About how much does he own?

Mr. BAKER. I think he owns over a thousand shares.

Mr. UNTERMYER. And Mr. Lamont, also of Morgan & Co., owns some, does he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Mr. Davison was formerly vice president of the First National Bank, was he not?

Mr. BAKER. Yes; and Mr. Lamont also.

Mr. UNTERMYER. Mr. Lamont succeeded Mr. Davison as vice president, did he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then both of them became partners of J. P. Morgan & Co.?

Mr. BAKER. Yes; at different times.

Mr. UNTERMYER. When Mr. Davison left, Mr. Lamont took his place as vice president with you, did he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then, between yourself and your son and Messrs. Morgan & Co., you own, together, about how much of the stock?

Mr. BAKER. Something over 40,000 shares.

Mr. UNTERMYER. Over 40,000 shares, out of how much?

Mr. BAKER. Out of 100,000.

Mr. UNTERMYER. Is there a large part of the stock of the bank owned by estates of former associates of yours?

Mr. BAKER. No; only one lot of about 10,000 shares.

Mr. UNTERMYER. Is that the Fahnestock interest?

Mr. BAKER. The Garland interest. Mr. Fahnestock is still living.

Mr. UNTERMYER. And does Mrs. Thompson own large blocks of stock?

Mr. BAKER. Yes. I would not call that an estate, however, would you?

Mr. UNTERMYER. Did not that come from her husband?

Mr. BAKER. She inherited it from her husband. She owns it absolutely clear, herself.

Mr. UNTERMYER. And the Fahnestock interest comes from Mr. Fahnestock, who was formerly in the bank?

Mr. BAKER. He is still living, and still a director in the bank, and still owns his stock.

Mr. UNTERMYER. Do you vote this stock of Mrs. Thompson and the other people who formerly were connected with the bank?

Mr. BAKER. Me, personally?

Mr. UNTERMYER. Yes.

Mr. BAKER. No. The law prohibits any officer of the bank from doing it.

Mr. UNTERMYER. It is voted by proxy?

Mr. BAKER. Yes.

Mr. UNTERMYER. Who is your proxy?

Mr. BAKER. This year it is Mr. Hepburn, Mr. Boden, and Mr. William Fahnestock. I think it was the same last year.

Mr. UNTERMYER. Mr. Boden is a partner in J. P. Morgan & Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. Is not Mr. Hepburn a director in your bank?

Mr. BAKER. Yes. He is not a proxy, then. It is Mr. Wiggin, I think.

Mr. UNTERMYER. He is in the Chase Bank, too?

Mr. BAKER. Yes.

Mr. UNTERMYER. There is no question, is there, that you control the First National Bank, in its management and affairs?

Mr. BAKER. I would not like to be so conceited as to say that.

Mr. UNTERMYER. Would you like to be so honest as to say it?

Mr. BAKER. Yes; I would like to be honest.

Mr. UNTERMYER. There is no doubt about it, is there?

Mr. BAKER. Oh, I think so.

Mr. UNTERMYER. You think there is doubt about what?

Mr. BAKER. I could not control it if I wanted to do anything that the others did not want to have done.

Mr. UNTERMYER. As a matter of fact, Mr. Baker, do you not, and have you not, for many years past, controlled the management of that bank?

Mr. BAKER. There has never been any dispute about the control.

Mr. UNTERMYER. There has never been any dispute about your control?

Mr. BAKER. About mine any more than anybody's.

Mr. UNTERMYER. Nobody has disputed your control?

Mr. BAKER. No, sir; and I have not disputed anybody else's control.

Mr. UNTERMYER. Well, who else has undertaken to control the bank?

Mr. BAKER. Nobody, and nobody has undertaken to control it at all. Not else.

Mr. UNTERMYER. I understand. It controls itself.

Mr. BAKER. Practically. We are a very harmonious family, Mr. Untermyer, I am happy to say, and we can not get up any quarrels.

Mr. UNTERMYER. Well, on the basis of 226 per cent in a yew years it ought to be.

Mr. BAKER. Well——

Mr. UNTERMYER. When was this stock of the Chase Bank sold by the security company?

Mr. BAKER. When was it sold by the security company?

Mr. UNTERMYER. By the security company.

Mr. BAKER. Just recently.

Mr. UNTERMYER. Yes; but how recently?

Mr. BAKER. Within a fortnight.

Mr. UNTERMYER. Within a week, is it not?

Mr. BAKER. No; not within a week.

Mr. UNTERMYER. Was it not last Thursday night, or was it Wednesday night?

Mr. BAKER. Oh, it was not either night, particularly.

Mr. UNTERMYER. Well, when was it, Mr. Baker?

Mr. BAKER. It has been talked of for some time.

Mr. UNTERMYER. No; but when was the stock sold? Last week, wasn't it?

Mr. BAKER. When was it consummated?

Mr. UNTERMYER. Yes.

Mr. BAKER. Well, it is hard to say just when it was. It was understood it was to be sold, and there was not anything in particular said, except when it came to the question of making the payment.

Mr. UNTERMYER. Who conducted the negotiation?

Mr. BAKER. I did.

Mr. UNTERMYER. With whom

Mr. BAKER. Mr. Wiggin.

Mr. UNTERMYER. With Mr. Wiggin of the Chase Bank?

Mr. BAKER. Yes.

Mr. UNTERMYER. He is the president of the bank?

Mr. BAKER. Yes.

Mr. UNTERMYER. He was formerly the vice president when Mr. Hepburn was president, was he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And what is Mr. Hepburn's relation to the Chase Bank now?

Mr. BAKER. He is chairman.

Mr. UNTERMYER. Chairman of the board?

Mr. BAKER. Yes.

Mr. UNTERMYER. The same relation that you bear to the First National?

Mr. BAKER. Yes; only he takes rather more active management of its details than I do.

Mr. UNTERMYER. Did you designate the directors of the Chase Bank, by virtue of the holding of the control?

Mr. BAKER. No.

Mr. UNTERMYER. Well, this control held by the security company was voted at every meeting, was it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Was it to be voted for certain directors?

Mr. BAKER. Yes.

Mr. UNTERMYER. Who designated how it should be voted?

Mr. BAKER. Generally the meeting of the board, the previous directors would go over; it was always the same one. It went to the proxy, the same as the First National Bank.

Mr. UNTERMYER. The directors in the Chase Bank were named by the First National Bank?

Mr. BAKER. No; I do not think so.

Mr. UNTERMYER. Let us see about it.

Mr. BAKER. All right, sir.

Mr. UNTERMYER. How many of them are directors of the First National?

Mr. BAKER. Three or four, three certainly; four; I can tell you that from a memorandum.

Mr. UNTERMYER. How many directors of the Chase Bank are there in all?

Mr. BAKER. Nine. There are five of them directors in the First National, instead of four.

Mr. UNTERMYER. There are five of those nine who are named from the First National board.

Mr. BAKER. Well, they were not named from there; some of them were there before.

Mr. UNTERMYER. You mean some of them were there before they became directors of the First National?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Which ones, for instance?

Mr. BAKER. Mr. Hepburn and Mr. Hill.

Mr. UNTERMYER. Was not Mr. Hepburn a director of the First National?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Who suggested Mr. Hepburn as a director of the Chase Bank?

Mr. BAKER. I do not know. That was long before I had anything to do with it. He came in from the City Bank; he was vice president of the City Bank, and came in.

Mr. UNTERMYER. And Mr. Hepburn was there when you took control of the stock, was he?

Mr. BAKER. Yes, sir; I think he was.

Mr. UNTERMYER. You are a director of the Chase Bank, are you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Your son is a director?

Mr. BAKER. Yes.

Mr. UNTERMYER. Your brother-in-law, Mr. Schley, is a director?

Mr. BAKER. Yes.

Mr. UNTERMYER. The president of the First National, Mr. Hine, is a director, is he not?

Mr. BAKER. Yes, sir; and there is another one, Mr. Hill. Mr. Schley is not a director in the First National.

Mr. UNTERMYER. I understand that.

Mr. BAKER. But Mr. Hill is a director in both banks.

Mr. UNTERMYER. Mr. James J. Hill?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You say your negotiation for the sale of this stock by the security company to Mr. Wiggin was made by you?

Mr. BAKER. Yes.

Mr. UNTERMYER. Did you sell all the holdings of the security company?

Mr. BAKER. No, sir.

Mr. UNTERMYER. How much of it did you sell?

Mr. BAKER. 15,000 shares.

Mr. UNTERMYER. Out of your holdings of 28,632 shares?

Mr. BAKER. Yes.

Mr. UNTERMYER. And the total capital is 50,000 shares?

Mr. BAKER. Yes, sir. Perhaps I might make a little explanation there that would be of use to you.

Mr. UNTERMYER. Yes.

Mr. BAKER. I purchased the Chase Bank shares with an idea of consolidating it with the First National Bank, the same as we did with the Bank of the Republic. That was the absolute intention. Later on it prospered so well itself and the stock became more valuable, and we concluded that was not desirable; that our bank was large enough of itself and theirs was large enough of itself, and we felt rather that we would like to divest ourselves of some of the responsibility of it. Mr. Wiggin, as he expressed it, was willing to make that bank his life work, and it was to attach them to the bank—in which 10,000 shares went inside the bank to be held and kept by them—to center their interest in the Chase National Bank permanently and anchor them as much as such things can be done.

Mr. UNTERMYER. Mr. Wiggin had been identified with the bank for many years, had he not?

Mr. BAKER. He had; yes sir.

Mr. UNTERMYER. And he had a large interest, had he?

Mr. BAKER. Not very. I can not remember just what it was—a thousand or two shares.

Mr. UNTERMYER. Where is the control of the bank now, since last week?

Mr. BAKER. I do not think it has been changed any.

Mr. UNTERMYER. You say the security company still holds it?

Mr. BAKER. No, sir; no one holds it, but it all works right together——

Mr. UNTERMYER. Still, the security company did hold it?

Mr. BAKER. That is right.

Mr. UNTERMYER. Where is the control now?

Mr. BAKER. There is not any, in that light.

Mr. UNTERMYER. The control has been scattered, has it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there any one interest that holds anything like as much as the security company still holds in the Chase Bank?

Mr. BAKER. No, sir; except Mr. Wiggin's interest, and I do not know how that is divided. I could not tell you.

Mr. UNTERMYER. Do you not know that Mr. Wiggin distributed his interest, and did not take it himself?

Mr. BAKER. Well, if he did, the understanding was he wanted to keep 10,000 shares for the officers and employees in the bank, and the other 5,000 shares were to be distributed——

Mr. UNTERMYER. Did you sell it on credit?

Mr. BAKER. It has been most all paid for, I believe, has it not?
Mr. GEORGE F. BAKER, jr. Yes.
Mr. BAKER. Yes, sir; practically paid for.
Mr. UNTERMYER. Don't you know that Mr. Wiggin did not retain the 10,000 shares?
Mr. BAKER. I do not know.
Mr. UNTERMYER. You do not know anything about that?
Mr. BAKER. I assume he did not. I did not expect he would keep more than half of it.
Mr. UNTERMYER. No; you expected he would scatter it and have it distributed?
Mr. BAKER. As I say, 10,000 shares of it, to keep right inside the bank.
Mr. UNTERMYER. What do you mean by keeping it inside the bank?
Mr. BAKER. I mean by himself and other officers and employees of the institution.
Mr. UNTERMYER. Then you understood——
Mr. BAKER. He was to give every employee in the bank an interest in the purchase that wanted it, to such proportion as they thought they could afford. Whether he has done that I have never asked him. I do not suppose it is consummated completely.
Mr. UNTERMYER. You thought it was better, did you not, that the First National should not continue to have the control of another large bank?
Mr. BAKER. I was very glad to get relieved of the responsibility that attaches to it.
Mr. UNTERMYER. Have you changed the board of directors at all of the Chase Bank?
Mr. BAKER. No, sir.
Mr. UNTERMYER. Then the First National has still got a majority of the directors of the Chase board, has it not?
Mr. BAKER. Yes, sir; they have.
Mr. UNTERMYER. What difference has been accomplished so far as concerns the question of actual management and control?
Mr. BAKER. I did not say that any had.
Mr. UNTERMYER. You do not think there has been?
Mr. BAKER. No, sir.
Mr. UNTERMYER. It was not intended to bring about any difference, was it?
Mr. BAKER. I should rather expect they were trying to get some influential interests to come in there.
Mr. UNTERMYER. You think it does contemplate a change in the control of the Chase National, then, do you?
Mr. BAKER. No; as you use the word control, it is the majority of the shares?
Mr. UNTERMYER. No; I am speaking of a control of management now.
Mr. BAKER. It would be just the same.
Mr. UNTERMYER. Do you understand that it contemplates any change in the control or the management?
Mr. BAKER. No, sir; I do not.
Mr. UNTERMYER. Have you or have your board of directors contemplated any action divorcing the security company from the bank?

Mr. BAKER. No, sir.

Mr. UNTERMYER. None whatever?

Mr. BAKER. No, sir; if there should be any question come up as to the illegality or irregularity of the department, and they so construed it, we would separate them in a moment.

Mr. UNTERMYER. There would be no difficulty in separating them, would there?

Mr. BAKER. No, sir; I think not.

Mr. UNTERMYER. Mr. Baker, were you asked to supply the committee with a list of the investments of the First National Bank?

Mr. BAKER. I think we had a request asking us to give the assets of the First National Bank.

Mr. UNTERMYER. What is the objection to giving the assets of a bank?

Mr. BAKER. In the first place, what would you define that to constitute? What would you define that to be? Would it include every note we have, and every loan?

Mr. UNTERMYER. No; the request excluded all loans and all names of borrowers, and had reference only to the other assets of the bank. Would there be any objection to a bank stating what its assets are other than the names of its borrowers?

Mr. BAKER. Do you mean in detail? Do you mean to state them in detail?

Mr. UNTERMYER. Yes.

Mr. BAKER. Yes; there would be.

Mr. UNTERMYER. Do you see any objection to stating to a committee of Congress what its assets are other than as I have mentioned?

Mr. BAKER. Yes, sir; I do.

Mr. UNTERMYER. You do?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. I wish you would tell us why a bank should not state its assets not only to a committee of Congress but to depositors and stockholders and everbody. Why should not the assets, and the detailed assets, be a matter of public knowledge?

Mr. BAKER. Business would come to rather a standstill.

Mr. UNTERMYER. I want you to explain to the committee why.

Mr. BAKER. I can not explain it.

Mr. UNTERMYER. You mean you can give us no reason?

Mr. BAKER. It would be exposing all the details of that business to the whole world.

Mr. UNTERMYER. Do you mean it is exposing the items of your property?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And that, you think, would paralyze the business of a bank?

Mr. BAKER. It would certainly reduce it very materially.

Mr. UNTERMYER. Why should that reduce it?

Mr. BAKER. If you came to the First National Bank and wanted to make a loan, you would not want to see it posted up on the pillars.

Mr. UNTERMYER. We are not speaking of the names of borrowers. We are talking about the exposure of assets or investments other than the names of borrowers. Where is the objection to disclosing that?

Mr. BAKER. We might hold a lot of bonds that we would not care to expose to the public.

Mr. UNTERMYER. Is not that a pretty good reason why people should know?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Let us see about that. When you issue your statement every year, you give a statement of the total amount of your assets, do you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. We are discussing not your bank alone, but in a general way.

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you not think people who would be depositors in the bank, or its existing depositors, are entitled to know of what that item of assets consists?

Mr. BAKER. If they think they are, they can come and ask the officers.

Mr. UNTERMYER. You know the officers do not disclose that, do you not?

Mr. BAKER. If they are not satisfied, they had better take their account somewhere else.

Mr. UNTERMYER. Your answer to the suggestion that a bank should be required to disclose its assets is that if the depositors do not like it they should go elsewhere? Is that it?

Mr. BAKER. They can; yes.

Mr. UNTERMYER. And that is your position on it, anyway?

Mr. BAKER. Yes; that is my position.

Mr. UNTERMYER. That is your position?

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you not think the stockholders of the bank ought to be permitted to know of what the assets consist, in detail?

Mr. BAKER. I think they should, practically.

Mr. UNTERMYER. When are they ever informed?

Mr. BAKER. They are not informed, because they do not generally care to know.

Mr. UNTERMYER. Have you ever given a stockholder who was not a director access to your books to see what the assets are?

Mr. BAKER. No. One reason is that they never require it. They select, in our bank, 15 gentlemen to do that for them, called the directors, and the stockholder entrusts with Mr. Smith or Mr. Jones, a director, the authority to do that for him.

Mr. UNTERMYER. But does not that apply simply to the majority stockholders? That does not apply to all the stockholders, does it?

Mr. BAKER. No.

Mr. UNTERMYER. For instance, take the stockholder who is not one of the majority, and who wants to know what the assets of his bank are—do you not think he is entitled to know?

Mr. BAKER. I never thought of it before.

Mr. UNTERMYER. You never thought of it before?

Mr. BAKER. But if he wanted to know he would not have any trouble finding out in the First National Bank.

Mr. UNTERMYER. Where would he find out?

Mr. BAKER. If he came to the officers of the First National Bank.

Mr. UNTERMYER. You have never given that information, have you?

Mr. BAKER. We never had anybody ask it.

Mr. UNTERMYER. Have you ever disclosed your assets?

Mr. BAKER. To the public?

Mr. UNTERMYER. To anybody, except your own folks.

Mr. BAKER. And the Comptroller of the Currency and the examiners.

Mr. UNTERMYER. Do you know that is considered confidential?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. As to the rights of depositors in banks to know of what the assets really consist—and not taking your bank alone, but taking the body of the whole law that would apply to all banks—do you not recognize that it is important to the security of depositors and to fair dealing in banking institutions that the assets of the bank should be open to inspection?

Mr. BAKER. No, sir; I do not.

Mr. UNTERMYER. You do not think so?

Mr. BAKER. No, sir.

Mr. UNTERMYER. So that you do not think there ought to be any way in which anybody can find out whether the statement of assets that is contained in gross on the balance sheet represents more or less than the real value?

Mr. BAKER. There is a way. In the first place, there is a board of directors elected for that purpose. Then, taking the First National Bank, in New York City, there is the clearing house examiners that we have had, especially of late years. Then we have the comptroller, who makes an examination through his bank examiners twice a year, and then we send to him a report five times a year. There are eight reports a year of the assets of the First National Bank.

Mr. UNTERMYER. But those are only made, are they not, in a confidential way to the Government authorities or your own agents in the clearing house?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Does that clearing house examiner's report get before all the committee of the clearing house?

Mr. BAKER. No, sir.

Mr. UNTERMYER. It is only intended for your own individual use?

Mr. BAKER. Unless there is some question about it. If there is any doubtful asset, that would be brought up

Mr. UNTERMYER. Then, it goes to the clearing house committee?

Mr. BAKER. I think it is that way.

Mr. UNTERMYER. So that the clearing house committee would have more access to the assets of your bank and more right to find out what they were than one of your stockholders or depositors?

Mr. BAKER. No more right; but the courtesy is extended to them.

Mr. UNTERMYER. It is a right that you resign when you become a member of the clearing house, is it not? You delegate that right, do you not?

Mr. BAKER. I am not certain about that, but I will agree to it if you think it is that way.

Mr. UNTERMYER. Do you not know the clearing house examiners were appointed subject to resolution on amendment of the rules?

Mr. BAKER. I think that is it. I never read it, so I am not familiar with it.

Mr. UNTERMYER. What I am trying to get at is this: How can the public be protected, or the depositors be protected, if you insist upon keeping secret what your assets are?

Mr. BAKER. They are protected, first, in the confidence they have in the board of directors, and——

Mr. UNTERMYER. Have you ever heard of that being abused?

Mr. BAKER. Yes, sir; but under the management like we are having to-day in the comptroller's office, how often do you hear of any bank abusing that?

Mr. UNTERMYER. Every time there is a failure of a bank do you not hear of it?

Mr. BAKER. There are 7,500 banks. When have you ever heard of any 75 of them having failed? There are abuses of everything under the sun.

Mr. UNTERMYER. You may go on and state the reason why the assets should not be known and should not be public property.

Mr. BAKER. There is no reason why they should that I know of.

Mr. UNTERMYER. You do not see any reason at all in any such requirement?

Mr. BAKER. No, sir. I say that the confidence is first in the directors, next in the Comptroller of the Currency and in the bank examiners and the clearing house examiners; and that establishes sufficient confidence with the people or the depositors and the stockholders—the minority stockholders, if you wish—to satisfy them in regard to it, and I never have known of their claiming or asking for anything different.

Mr. UNTERMYER. Why should the public do business on confidence when it can get the facts?

Mr. BAKER. There would not be much business done if it was not done on confidence.

Mr. UNTERMYER. There would be no business done if the public knew the facts?

Mr. BAKER. There would be some business.

Mr. UNTERMYER. But there would not be much left?

Mr. BAKER. There would not be so much.

Mr. UNTERMYER. You do not mean that, do you?

Mr. BAKER. I do mean the people do not want to do business that way. They do not want the facts. They do not want a list of our securities or any other bank's securities.

Mr. UNTERMYER. Let us suppose, for instance, your stock is for sale. Suppose one of your stockholders dies and his stock is to be put up for sale. Do you understand?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How is the purchaser or anybody who bids for that stock to know what to bid for the stock?

Mr. BAKER. He would not have a particle of difficulty in finding out by coming right to the bank and inquiring.

Mr. UNTERMYER. Have you ever had anyone do it?

Mr. BAKER. No, sir; and I do not believe there ever will be.

Mr. UNTERMYER. Then if "A" or "B" or "C" wanted to go to the sale and bid on the stock of an estate and there was bank stock among

it he would not have any means of finding out what those assets were as represented by that stock?

Mr. BAKER. Yes; if he called at the bank and asked any officer of the bank he would be told.

Mr. UNTERMYER. Although you have declined to give them to the committee?

Mr. BAKER. We would not give it in detail; we would not go over the list of the whole thing. I would not tell him if your note was in there for $100 or $1,000.

Mr. UNTERMYER. We are not talking about the notes. We are talking about your other assets.

Mr. BAKER. He has a better record than we have on that, because it is decided by the Comptroller of the Currency, in an affidavit to him by examiners twice a year, and by the clearing house examiners once a year what is the value of those assets and at what they are stated on the books.

Mr. UNTERMYER. Then it is your opinion that anybody who wants to buy stock at a sale should be compelled to rely upon his confidence in the comptroller's examination and the clearing house examination, without knowing the facts?

Mr. BAKER. If he wants to know all the details of it; yes, sir.

Mr. UNTERMYER. And it is your idea that if a man dies, leaving stock, it will bring in just as much and they can get just as many buyers if they do not know the facts as if they do?

Mr. BAKER. Yes, sir; fully as much.

Mr. UNTERMYER. And you are also of the opinion, are you, Mr. Baker, that with respect to the public generally and the depositors, there is nothing in the claim that they ought to know of what the assets consist?

Mr. BAKER. Yes, sir. Mr. Untermyer, the fundamental principle of banking, perhaps more than some others, is credit.

Mr. UNTERMYER. We have had a good deal of that, and we will take that up a little later.

Mr. BAKER. Then I do not need to say anything, if you know all about it.

Mr. UNTERMYER. By credit you mean confidence in the men who are running the concern?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You think the public should just blindly follow on confidence and should not know anything about the facts?

Mr. BAKER. I do not think they do it very blindly.

Mr. UNTERMYER. You do not think they ought to, do you?

Mr. BAKER. No.

Mr. UNTERMYER. You do not think they ought to rely on confidence? You think they ought to have the facts, do you not?

Mr. BAKER. No; I do not think that.

Mr. UNTERMYER. Which do you think they should have, confidence or facts, or both?

Mr. BAKER. I think they ought to have confidence.

Mr. UNTERMYER. Without the facts?

Mr. BAKER. Without the facts, in detail.

Mr. UNTERMYER. You think the people who are managing the estates and affairs of investors ought to require that the investor and

the people who deal with them should act entirely on confidence and not know what they are doing?

Mr. BAKER. And their faith in the Government administration, and the clearing house administration, and the directors' administration of it; yes, sir.

Mr. UNTERMYER. But why not give them the facts?

Mr. BAKER. Because we do not want to disclose all our facts. We do give it to them in gross.

Mr. UNTERMYER. But that does not mean anything.

Mr. BAKER. I do not know about that.

Mr. UNTERMYER. You show in a bank statement the assets so much; that does not mean anything, does it?

Mr. BAKER. We say "bills discounted, so much." We say "loans, so much." We say "securities, so much."

Mr. UNTERMYER. But they might be good or bad or indifferent.

Mr. BAKER. Either the loans or the notes or the securities; and if they were bad for any length of time, unless it happened in a day, the comptroller would rectify it.

Mr. UNTERMYER. Will you tell us—because I think the committee would like to know—where any injury would ensue to anybody, the bank or anybody else, from giving people the facts, without the names of the borrowers?

Mr. BAKER. I do not happen to think of any particular injury.

Mr. UNTERMYER. Since you do not think of any particular injury to anybody coming from that, I would like to know what reason there is for not doing it.

Mr. BAKER. Because I do not believe there is any good in it.

Mr. UNTERMYER. Have you said all you want to say on that subject?

Mr. BAKER. Yes, sir; and more, too.

Mr. UNTERMYER. I rather sympathize with you on that. Are you personally, Mr. Baker, a holder of stock in the Chase Bank?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. To what extent?

Mr. BAKER. I think it is 50 shares.

Mr. UNTERMYER. Those are qualifying shares?

Mr. BAKER. Yes.

Mr. UNTERMYER. You are a director in the Astor Trust Co., are you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. What is the capital of the Astor Trust Co.?

Mr. BAKER. I do not know; that is, I do not remember.

Mr. UNTERMYER. What proportion of it do you own?

Mr. BAKER. It is not a large amount; I have forgotten how much.

Mr. UNTERMYER. Mr. Baker, you were asked, were you not, to furnish the committee with a statement of the holdings of the officers of your bank in other banks and trust companies?

Mr. BAKER. I do not remember it. If you say we were, I will not deny it, but I do not remember it.

Mr. UNTERMYER. Do you know how many of the directors of your bank are directors of the Astor Trust Co.?

Mr. BAKER. No sir; not from memory. It is all published, but I do not remember it.

Mr. UNTERMYER. There are four, are there not?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. Were you one of the organizers of the trust company?

Mr. BAKER. It was an organization; it came over from the Astor National Bank. It was converted into a trust company.

Mr. UNTERMYER. Did you and your associates buy from the old management?

Mr. BAKER. No; we organized the Astor National Bank.

Mr. UNTERMYER. You organized the original?

Mr. BAKER. The original bank; yes.

Mr. UNTERMYER. And then you turned it into a trust company?

Mr. BAKER. Yes.

Mr. UNTERMYER. And you have since retained your interest in it?

Mr. BAKER. I have an interest, but not so much. It was sold out pretty much at the time.

Mr. UNTERMYER. You say you sold part of your interest?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Recently?

Mr. BAKER. No, sir; about that time; I think about the time it was organized into a trust company.

Mr. UNTERMYER. We asked for a list of the holdings of Mr. Baker and his associates in banks and trust companies.

Mr. FISHER A. BAKER. I do not remember that.

Mr. BAKER. I do not remember it.

Mr. FISHER A. BAKER. I think Mr. Baker can tell you the principal ones.

Mr. BAKER. I can tell pretty nearly. If you want to know whether I own a large interest, I can tell you no.

Mr. UNTERMYER. I want to know about what the capital is, and how large an interest you and your associates in the First National Bank have.

Mr. BAKER. I have not any idea what the others hold.

Mr. UNTERMYER. Are you a director also in the Farmers Loan & Trust Co.?

Mr. BAKER. It is a small amount that I own, comparatively. What is the question?

Mr. UNTERMYER. Are you a director also in the Farmers Loan & Trust Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And a stockholder?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Are you a directors in the Guarantry Trust Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you remember whether your associate directors in the Astor Trust Co. are Messrs. Lamont, Hine, and Davison?

Mr. BAKER. I think that is correct.

Mr. UNTERMYER. To what extent are you interested in the Farmers Loan & Trust Co.?

Mr. BAKER. A very small amount.

Mr. UNTERMYER. How long have you been connected with that company?

Mr. BAKER. Quite a number of years.

Mr. UNTERMYER. You are one of the voting trustees of the Guaranty Trust Co., are you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you remember the time of the establishment of that voting trust?

Mr. BAKER. Not definitely. I rather think I was away.

Mr. UNTERMYER. It was in 1910, was it not?

Mr. BAKER. About that period.

Mr. UNTERMYER. Do you not remember the circumstances under which that voting trust was established?

Mr. BAKER. I think I do, generally. I shall be very glad to answer any question, if I know.

Mr. UNTERMYER. Did you have anything to do with its establishment?

Mr. BAKER. Not a great deal.

Mr. UNTERMYER. You say you were a director at the time?

Mr. BAKER. Yes, sir; and have been a director always.

Mr. UNTERMYER. Was that voting trust established at the time the Guaranty Trust Co.'s stock was acquired from the Mutual Life Insurance Co.?

Mr. BAKER. I could not tell you; I do not remember.

Mr. UNTERMYER. Your cotrustees there were Mr. Davison, of J. P. Morgan & Co., and Mr. Porter, were they not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. I would like you to tell us where and with whom the arrangement was made for constituting the Guaranty Trust Co. into a voting trust.

Mr. BAKER. I could not do that—that is, I mean I do not know.

Mr. UNTERMYER. With whom did you talk about it?

Mr. BAKER. I remember Mr. Davison for one.

Mr. UNTERMYER. And with whom else?

Mr. BAKER. I do not recollect.

Mr. UNTERMYER. Was that before the Mutual Life parted with its interest?

Mr. BAKER. That I do not remember.

Mr. UNTERMYER. Do you not recall when the Mutual Life parted with its interest?

Mr. BAKER. No; I do not.

Mr. UNTERMYER. Do you know how large an interest it parted with?

Mr. BAKER. I do not remember that.

Mr. UNTERMYER. You were a member of the finance committee of the Mutual Life Insurance Co., were you not?

Mr. BAKER. I was, but I am sorry to say that I do not remember.

Mr. UNTERMYER. You have been a member of the finance committee of that corporation for many years, have you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who first suggested to the Mutual Life that it should part with its interest in the Guaranty Trust Co. stock?

Mr. BAKER. You mean the interest that they acquired from them?

Mr. UNTERMYER. Yes.

Mr. BAKER. Mr. Harriman bought the first large interest. I think it was half of their holdings. I can not remember about this other.

Mr. UNTERMYER. Did you not conduct the negotiations on behalf of the Mutual Life?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did not the Mutual Life Insurance Co. sell its remaining interest in the Guaranty Trust Co.?

Mr. BAKER. I think it did.

Mr. UNTERMYER. When was that?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Were you concerned in that purchase?

Mr. BAKER. Not particularly. In the purchase?

Mr. UNTERMYER. Yes.

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did you share in the purchase?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Were you concerned in the sale?

Mr. BAKER. No, sir.

Mr. UNTERMYER. On behalf of the finance committee, did you not conduct the sale?

Mr. BAKER. I do not even remember. I do not believe I could have been there. I have no recollection of it. Of course I voted on it if I was at the meeting of the committee.

Mr. UNTERMYER. Are we to understand, Mr. Baker, that you can not tell us anything about the circumstances under which the Mutual parted with its Guaranty Trust Co. stock?

Mr. BAKER. Except that that stock, like a good many others, had been for sale for a good many years.

Mr. UNTERMYER. Can you tell us what connection you had with it?

Mr. BAKER. I had no special connection with it.

Mr. UNTERMYER. You did not negotiate it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. How did you come to be made a voting trustee?

Mr. BAKER. Because they requested me to.

Mr. UNTERMYER. Who?

Mr. BAKER. I have forgotten. I know Mr. Davison was one of the parties.

Mr. UNTERMYER. Did you not think it was a very unusual thing to have a financial institution managed by a voting trust?

Mr. BAKER. Under all the circumstances I did not think it was.

Mr. UNTERMYER. That was in 1910, was it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And at that time was the Mutual parting with its stock?

Mr. BAKER. I judge so; or had parted with it or did part with it at that time.

Mr. UNTERMYER. Who designated the other trustees?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Who suggested Mr. Davison and Mr. Porter should be the other two trustees?

Mr. BAKER. I do not know. I had had no active part in it.

Mr. UNTERMYER. Who took charge of that transaction of constituting this voting trust?

Mr. BAKER. That I could not even tell you.

Mr. UNTERMYER. There was some head to it, was there not?

Mr. BAKER. I presume there was, but I was not one of them and did not take much interest in it.

Mr. UNTERMYER. You understood you were to be a voting trustee?

Mr. BAKER. Yes, sir; they asked me if I would, and I complied.

Mr. UNTERMYER. Did you ask them why a prosperous trust company should go under a voting trust?

Mr. BAKER. I guess I know what you want to get at, and perhaps I can explain it in a different way.

Mr. UNTERMYER. The Guaranty Trust Co. was a very prosperous company at that time, was it not?

Mr. BAKER. Yes; fairly so.

Mr. UNTERMYER. You may explain, if you will, what was said to you by anybody, what talks took place with respect to putting this under a voting trust, and if so, with whom you had any talk.

Mr. BAKER. I do not think there was any; certainly not that I recollect.

Mr. UNTERMYER. You do not remember any talk about it at all?

Mr. BAKER. No; not especially. I know there was a general talk, but I can not remember what it was or with whom it as, because I did not take any very active interest in it.

Mr. UNTERMYER. You are a stockholder?

Mr. BAKER. Yes.

Mr. UNTERMYER. In the Guaranty Trust Co.?

Mr. BAKER. To a moderate extent.

Mr. UNTERMYER. You have a list somehere of your holdings in the banks and trust companies' stocks?

Mr. BAKER. Yes; and I can tell you in regard to that that it was a small interest; it was not 100 shares.

Mr. UNTERMYER. What is your stockholding interest in the Guaranty Trust Co.?

Mr. BAKER. Then it was not 100 shares. I have acquired some since.

Mr. UNTERMYER. What is it now?

Mr. BAKER. I think it is a thousand shares.

Mr. UNTERMYER. You think? You do not know?

Mr. BAKER. Yes; that is it.

Mr. UNTERMYER. What is the market value per share?

Mr. BAKER. $700, I think. I have not looked at the quotations for a long time. It has been published every day in the papers.

Mr. UNTERMYER. Do you think a thousand shares at say seven or eight hundred dollars a share is a small interest?

Mr. BAKER. It is not a great interest in so large a capitalization.

Mr. UNTERMYER. Has your son a large interest, too?

Mr. BAKER. I do not know whether he has any.

Mr. UNTERMYER. You do not know?

Mr. BAKER. He says he had 100 shares.

Mr. UNTERMYER. Do you know what interest the other directors of your bank have?

Mr. BAKER. No, sir; I have not the slightest idea. I know none of them have a very large interest.

Mr. UNTERMYER. You know there are other directors of your bank who are directors of the Guaranty Trust Co.?

Mr. BAKER. I do not recollect any.

Mr. UNTERMYER. Mr. Davison and Mr. Lamont?

Mr. BAKER. I thought you said officers of the bank.

Mr. UNTERMYER. No; directors of the bank.

Mr. BAKER. Yes, sir; that is right.

Mr. UNTERMYER. Can you not tell the committee why this solvent and prosperous trust company was put under a voting trust?

Mr. BAKER. I think I can. The Bankers' Trust Co. was organized some years ago by certain men. If you will look over the list, you will see a dozen of the most alert and active financial men down town, in whom the people have generally reposed a good deal of confidence; and they made a very prosperous concern. They were not Astors, nor were they Vanderbilts, but they put this stock together, and they thought, after making a prosperous company, they did not want to have somebody step in and buy it and they made a voting trust.

Later on they thought they would buy the Guaranty Trust and consolidate it, the same as we contemplated doing with the Chase Bank.

Mr. UNTERMYER. You mean the Bankers' Trust Co. wanted to buy the Guaranty Trust?

Mr. BAKER. Yes; and it was bought in their interest in that way. They proposed to put it, so it could be handled conveniently, in a voting trust.

Mr. UNTERMYER. Then you understand that the Guaranty Trust Co. was bought in the interest of the Bankers' Trust Co., do you?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. From whom was the Guaranty Trust stock bought?

Mr. BAKER. I think from the Mutual Life; part of it.

Mr. UNTERMYER. Where was the rest of it bought?

Mr. BAKER. They must have bought the Harriman stock or probably bought from the Harriman estate, or else Mrs. Harriman kept an interest in it. I do not know which she did.

Mr. UNTERMYER. You notice they did not have the same voting trust as the Bankers' Trust, did they?

Mr. BAKER. No.

Mr. UNTERMYER. Was there any talk about why there should be a different voting trust?

Mr. BAKER. I never heard any.

Mr. UNTERMYER. That voting trust of the Guaranty Trust Co. was kept a secret, was it not?

Mr. BAKER. I did not know that it was.

Mr. UNTERMYER. Did you not know it was not known down town, in Wall Street?

Mr. BAKER. No, sir; I did not.

Mr. UNTERMYER. Did you not know it was never known there was a voting trust?

Mr. BAKER. No; I did not.

Mr. UNTERMYER. Do you think a voting trust——

Mr. BAKER. That might be a fact and I not know it.

Mr. UNTERMYER. Do you think a voting trust for a great financial institution is a proper form of management?

Mr. BAKER. I do not see anything improper in it.

Mr. UNTERMYER. Let us see if there is not anything improper in it.

Do you regard the personnel of the directors as an important element in a trust company?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You know it is advertised as attracting confidence, do you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you not think the public has the right to rely upon the statement as to who constitutes the board of directors, as being a statement that they are really the selection of the stockholders and that they are running the institution?

Mr. BAKER. Oh, yes; unless that was kept a secret, as you say, which I never heard of before.

Mr. UNTERMYER. Do you not think it would be wrong to constitute a secret voting trust, putting the power in two men to name the board of directors from time to time?

Mr. BAKER. I am surprised, if that was the condition.

Mr. UNTERMYER. Do you not think that would be wrong?

Mr. BAKER. I should not do it in that way, but I think it was all done for a specific purpose, for the purpose of putting these banks together, and to facilitate it.

Mr. UNTERMYER. Do you not know the Bankers' Trust has been under a voting trust since 1903, since it was organized?

Mr. BAKER. I did not know it before.

Mr. UNTERMYER. That was not done for the specific purpose of putting it together with anything else, was it?

Mr. BAKER. They contemplated that always, I think, for combining with some other companies when they gathered them in.

Mr. UNTERMYER. Why should they need a voting trust in order to buy other companies?

Mr. BAKER. I do not know. I never participated in their affairs. I do not know anything about it.

Mr. UNTERMYER. You are a large stockholder in the Bankers' Trust Co., are you not?

Mr. BAKER. No, sir; not a large holder. We hold 1,500 shares.

Mr. UNTERMYER. And your security company holds 2,500 shares?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is, 4,000 shares; and it is selling at 600, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is $2,500,000. Is not that a large holding in a trust company?

Mr. BAKER. Counting the two together.

Mr. UNTERMYER. Yes. I should like to know whether you consider that banks and trust companies should have the right to constitute voting-trust managements?

Mr. BAKER. I have never given it any thought. That is a question for the stockholders to decide for themselves. I never thought anything about it.

Mr. UNTERMYER. Do you not think the public has an interest in it?

Mr. BAKER. I do not think so, because I have not thought one way or the other.

Mr. UNTERMYER. Just think a moment about it.

Mr. BAKER. I would want to think of both sides before I should think there was anything wrong in it.

Mr. UNTERMYER. What is there on the other side of it?

Mr. BAKER. I do not know. I do not know what there is in either side.

Mr. UNTERMYER. What good reason is there that there should be a voting trust of any financial institution?

Mr. BAKER. I can not see any good reason why there should be for the First National Bank. That is the only thing I am interested in.

Mr. UNTERMYER. Can you see any good reason why there should be for any others?

Mr. BAKER. I do not know.

Mr. UNTERMYER. In your judgment, should not the public, who are asked to deposit their funds in the banks, be informed as to the existence of a voting trust?

Mr. BAKER. You surprised me for the first time that it ever happened that it was not so. Railroads have trust officers.

Mr. UNTERMYER. Railroads have voting trusts, have they not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And those voting trusts put the control of the property in the hands of the trustees, do they not?

Mr. BAKER. They make a board of directors.

Mr. UNTERMYER. The voting trustees have the power to designate the board?

Mr. BAKER. Oh, yes.

Mr. UNTERMYER. So that they really control the property, do they not?

Mr. BAKER. Yes, sir.

The CHAIRMAN. We will take our usual recess at this time.

Whereupon, at 1 o'clock p. m., a recess was taken until 2 o'clock p. m.

AFTER RECESS.

At the expiration of the recess the hearing was resumed.

TESTIMONY OF MR. GEORGE F. BAKER—Continued.

Mr. UNTERMYER. Please explain, Mr. Baker, the process by which you, as a voting trustee of the Guaranty Trust, elect these directors of the Guaranty Trust from year to year.

Mr. BAKER. They bring the proxy around and ask me to sign it, and I sign it. There is no certain man. I do not remember who it is now.

Mr. UNTERMYER. You say "they" bring the proxy? Who in the Guaranty Trust brings a proxy?

Mr. BAKER. I do not know who brought it the last time. There was one here just recently that came in by messenger. I do not know who he was. It had been signed by the other two members, and I signed it.

Mr. UNTERMYER. Do not the voting trustees meet to discuss the question of who shall be a director?

Mr. BAKER. They never have?

Mr. UNTERMYER. You are not consulted about it at all?

Mr. BAKER. No, sir.

Mr. UNTERMYER. They never have?

Mr. BAKER. I have never known of any consultation. That thing is generally done by the board of directors. In fact, they reelect always the same man unless there is a vacancy.

Mr. UNTERMYER. Let us see how it is done. You have the responsibility of selecting these directors?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What you do is to give a proxy to somebody else to do it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. To whom do you give the proxy to do that particular act?

Mr. BAKER. I can not remember the names of the proxies. There were three men in it; just the same as in the First National Bank, we designated Mr. William Wiggin, Mr. Bowdoin, and Mr. Fahnestock to do it; and in the trust company it was the same way, but I can not recall who the proxies were.

Mr. UNTERMYER. Then, in signing these proxies to somebody else to exercise the power delegated to you as a voting trustee, on whom or on what do you rely? Do you rely on seeing the signatures of your two associate voting trustees?

Mr. BAKER. No, sir. We rely, practically, on the board of directors, and look over and see whether there are any changes to be made. Possibly there is nothing to be done. Possibly it is a matter of form.

Mr. UNTERMYER. It makes a self-perpetuating board of it, does it not?

Mr. BAKER. Yes; if you wish to put it that way. Of course, if there was a controversy or anything at stake, it would be a different condition of affairs.

Mr. UNTERMYER. How could there be a controversy, with all the stocks in the hands of the three voting trustees?

Mr. BAKER. Because if there were certain members of the board who did not agree with it, the voting trustees might not agree, either.

Mr. UNTERMYER. The stockholders have nothing to do with it, have they?

Mr. BAKER. No, sir; not when they designate the trustees to do it.

Mr. UNTERMYER. Then, so far as the board is willing to have the board reelected and perpetuated, that settles it?

Mr. BAKER. That settles it if the voting trustees have no different opinion; and they probably would not.

Mr. UNTERMYER. As I understand it, the trustees express no opinion. They give a proxy for somebody whom the board selects.

Mr. BAKER. They would not give it unless everything was running perfectly smoothly and it was understood that the board was to be reelected.

Mr. UNTERMYER. They would not do it unless the board wanted it? Is that it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. That is the idea, is it?

Mr. BAKER. Practically; and the principal stockholders who are in the board.

Mr. UNTERMYER. You speak of the stockholders. Which of the principal stockholders of the Guaranty Trust are in the board?

Mr. BAKER. I imagine most of them are represented.

Mr. UNTERMYER. Do you know anything about how much stock is held by the directors?

Mr. BAKER. I do not.

Mr. UNTERMYER. Do you know who the principal stockholders are?

Mr. BAKER. I do not.

Mr. UNTERMYER. Well, then, when you say that the principal stockholders——

Mr. BAKER (interposing). The persons in interest who are represented in the board. They come in and they say, "We will have an election on such and such a day," and reelect the same board.

Mr. UNTERMYER. What do you know about who the persons in interest are?

Mr. BAKER. We take it from the directors.

Mr. UNTERMYER. Have you had any talk with the directors?

Mr. BAKER. No, sir; I have not, personally.

Mr. UNTERMYER. Do you know anything about what interests are represented?

Mr. BAKER. I do not know how much. I could tell you by looking at the books.

Mr. UNTERMYER. You have not done so, however?

Mr. BAKER. No, sir.

Mr. UNTERMYER. As a matter of fact, Mr. Baker, what have you done as a voting trustee to carry out the duties intrusted to you by the voting trust agreement except perpetuating the directors?

Mr. BAKER. As there has been no question at issue, I have not done anything except the formality of signing the proxy.

Mr. UNTERMYER. How could there be any question at issue as long as the board of directors were willing to perpetuate themselves?

Mr. BAKER. The members of the voting trust might think differently if they chose.

Mr. UNTERMYER. They have never gotten together to discuss it, have they?

Mr. BAKER. No, sir; not to my knowledge.

Mr. UNTERMYER. During the existence of this voting trust have you known of any meeting of the voting trustees?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Or have you known of any discussion between them as to the personnel of the board to be elected from year to year?

Mr. BAKER. Practically none.

Mr. UNTERMYER. Do you think that is as good a form of government for a bank as if the stockholders were allowed to express their preferences from year to year in the selection of the board of directors?

Mr. BAKER. I do not.

Mr. UNTERMYER. You do not?

Mr. BAKER. No.

Mr. UNTERMYER. Then you do not approve of a voting trust? And if you do not, why do you not dissolve this trust?

Mr. BAKER. I do not care about it one way or the other. It is working very well.

Mr. UNTERMYER. You say you do not approve of that form of government?

Mr. BAKER. I do not specially disapprove of it. It could not be done in the First National Bank.

Mr. UNTERMYER. You would not be willing to have it done?

Mr. BAKER. No, sir; but I do not disapprove of others doing it, if the majority of the stockholders think they want it that way; and they seem to have done so in intrusting it to the trustees.

Mr. UNTERMYER. Do you know the circumstances under which the stockholders set up that voting trust?

Mr. BAKER. I do not remember it if I did.

Mr. UNTERMYER. Do you know whose idea it was?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you know what reason was given to the stockholders for surrendering their voting power?

Mr. BAKER. Well, I think——

Mr. UNTERMYER. Do you know it?

Mr. BAKER. Do you make the distinction between thinking and knowing?

Mr. UNTERMYER. Yes; a very marked distinction.

Mr. BAKER. Then I do not.

Mr. UNTERMYER. Thinking and guessing are one thing, and knowing is another.

Mr. BAKER. I only know what I can remember pretty well.

Mr. UNTERMYER. When you say you think this or that, you mean that that is your own opinion?

Mr. BAKER. That is my remembrance of it.

Mr. UNTERMYER. Oh. If it is your remembrance of it, and you have a recollection on the subject, then we shall be glad to have your recollection.

Mr. BAKER. My recollection, in a general way, is simply that they wanted to have this in a concrete form, so that they could act promptly on it in transferring, if they wanted, over to the Bankers' Trust or consolidating with any other institution.

Mr. UNTERMYER. Has there been any move toward consolidation with the Bankers' Trust?

Mr. BAKER. No; I think it is abandoned now.

Mr. UNTERMYER. Then why do you not dissolve the voting trust?

Mr. BAKER. I would if I had charge of it.

Mr. UNTERMYER. Do you not know that any two of the voting trustees can dissolve it?

Mr. BAKER. I suppose so; but we would not take action unless the stockholders who intrusted it to us wanted us to do it.

Mr. UNTERMYER. Why do you not submit the question to the stockholders?

Mr. BAKER. They have not asked to have it done.

Mr. SPOONER. Do you think this is a matter within the legislative power of Congress, Mr. Untermyer?

Mr. UNTERMYER. Yes.

Mr. SPOONER. A voting trust among the stockholders of a State corporation?

Mr. UNTERMYER. We do. We think it bears distinctly and definitely, Mr. Chairman, upon the question of the concentration and control of credit.

Mr. SPOONER. And you think Congress can pass a law——

Mr. UNTERMYER (interposing). I do not want to enter into a debate on the subject, Senator. I should be glad to talk with you outside about it.

Mr. SPOONER. I should like to talk with you in court about it. I beg pardon. I think this is a little irregular.

Mr. UNTERMYER. Yes.

Mr. BAKER. Unfortunately, you know as well as I do, Mr. Untermyer, that a great many things are done in New York——

Mr. UNTERMYER (interposing). That ought not to be done?

Mr. BAKER. No; that are done without much consideration. If a thing is going along all right, they accept it as it is. For instance, in almost any corporation, if it is paying dividends regularly, the stockholders will reelect the board; and the same is true in a railroad or anything.

Mr. UNTERMYER. This voting trust in a financial institution was an entirely new departure with the Bankers Trust Co., was it not?

Mr. BAKER. It was new to me.

Mr. UNTERMYER. Yes; and do I understand you to say that you would not approve of that method of governing a financial institution?

Mr. BAKER. Not for the First National Bank; I would not.

Mr. UNTERMYER. Do you know how many directors of the First National Bank and of Morgan & Co. are also directors of the Bank of Commerce?

Mr. BAKER. I could not tell you without running over the list, and I have none here. Of the First National Bank there are two.

Mr. UNTERMYER. Are there not three?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Counting yourself?

Mr. BAKER. There are myself and Mr. Hane.

Mr. UNTERMYER. And Mr. Davison; is not he a director of the Bank of Commerce?

Mr. BAKER. Oh, yes.

Mr. UNTERMYER. Is not that right?

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you any objection, Mr. Baker, to furnishing the committee with a list of your holdings of stocks in banks and trust companies?

Mr. BAKER. Yes.

Mr. UNTERMYER. You have?

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you mean, as an officer of a national bank, that you object——

Mr. BAKER. Oh, I thought you meant my personal holdings.

Mr. UNTERMYER. Yes; as an officer of a national bank, do you object to disclosing your holdings in other banks that are potential competitors of the bank of which you are an officer?

Mr. BAKER. I do not as an officer, but I do as an individual.

Mr. UNTERMYER. Yes.

Mr. BAKER. I object to it as immaterial. I will answer any question as to any single institution, if there is anything you want to know about it. I do not want to conceal anything, and I have nothing to conceal; but as to giving you a list of my holdings, I do not want to do it any more than I would want to give you my tailor's bill.

Mr. UNTERMYER. You do not see any distinction, do you, as the head of the First National Bank, between disclosing the names of other institutions in which you are interested that are potential competitors with the First National Bank and telling the committee what your tailor's bill is?

Mr. BAKER. No.

Mr. UNTERMYER. You see no distinction?

Mr. BAKER. Practically none.

Mr. UNTERMYER. Practically none whatever?

Mr. BAKER. But if there is anything of importance in that, that would pertain to it, I would not hesitate to give it to you—the same as I was perfectly willing to give you all the information as to the Chase Bank, which I do not think you were entitled to.

Mr. UNTERMYER. Let us see about that. The Chase Bank is a national bank, is it not?

Mr. BAKER. Why, certainly. I will not dispute that with you. You probably think the other way and I think that way, but I am perfectly willing to concede my opinion.

Mr. UNTERMYER. We do not concede the importance of the concession.

Mr. BAKER. If you will ask it, I will do it very willingly.

Mr. UNTERMYER. Do you not concede that Congress may insist on knowing whether one national bank controls another national bank directly or indirectly?

Mr. BAKER. No; and there is no reason why they should and no reason why a bank could not control another, either.

Mr. UNTERMYER. That is, according to your point of view, there is no reason why one national bank in the City of New York should not control all the others, is there?

Mr. BAKER. All of them?

Mr. UNTERMYER. Yes, sir.

Mr. BAKER. For the simple reason that it is an impossibility.

Mr. UNTERMYER. I say, there is no reason in logic that you can see, is there?

Mr. BAKER. That is carrying it so far that I would not say.

Mr. UNTERMYER. You would see a reason against that, would you not?

Mr. BAKER. Yes; I think I would.

Mr. UNTERMYER. Where would you draw the line?

Mr. BAKER. I can not tell you.

Mr. UNTERMYER. How is the committee to know the extent to which banks or interests in one bank control other banks, unless you will disclose your interest in the other banks?

Mr. BAKER. I do not believe it ever will know.

Mr. UNTERMYER. You do not think it ever will?

Mr. BAKER. No, sir.

Mr. UNTERMYER. And you are determined that it shall not know?

Mr. BAKER. No; I would just as lief have them know.

Mr. UNTERMYER. Why should they not find out?

Mr. BAKER. Well, I do not believe they can.

Mr. UNTERMYER. You mean you will not tell them what you know?

Mr. BAKER. Oh, I think I am misunderstanding your question.

Mr. UNTERMYER. What I am asking you is this——

Mr. BAKER. I thought you were asking about all the banks being owned by one bank. I am a little bit deaf.

Mr. UNTERMYER. Would you rather sit up here?

Mr. BAKER. No; you speak loud enough, but I did not catch a word.

Mr. UNTERMYER. You hear my questions, do you?

Mr. BAKER. Yes.

Mr. UNTERMYER. If you do not, will you let me know?

Mr. BAKER. Oh, yes.

Mr. UNTERMYER. What the committee wants is a list of your holdings in banks other than the First National Bank. I meant of your holdings and the banks in which you have these holdings. Now, do you object to giving that information?

Mr. BAKER. I think I do, Mr. Untermyer. I do not think you ought to ask it. There is not anything in it——

Mr. UNTERMYER. I would rather not have a discussion about it.

Mr. BAKER. Well, I do not——

Mr. UNTERMYER. Because we would never get through.

Mr. BAKER. All right. I object to giving it.

Mr. UNTERMYER. You object to giving it?

Mr. BAKER. That is entirely a personal matter. I have told you already——

Mr. UNTERMYER. I will ask you, then, whether you will decline to furnish to the committee a list of your holdings in other banks in the city of New York that are potentially competitive with the First National Bank? Would you like to consult counsel on that before answering?

Mr. BAKER. No; I am just trying to think of it.

Mr. UNTERMYER. Would you like to consult with Senator Spooner—with your counsel?

The witness here consulted with his counsel.

Mr. BAKER. I do not want to dispute with the committee. I do not think you ought to ask the question. My remembrance is that I have 5,000 shares in the Bank of Commerce, and I have——

Mr. UNTERMYER. No; the point is this. Are you willing to furnish the committee with a list of your holdings——

Mr. BAKER. I am giving it to you right now.

Mr. UNTERMYER. You are going to give them all right now?

Mr. SPOONER. Do you include State banks?

Mr. UNTERMYER. Yes.

Mr. SPOONER. And State trust companies?

Mr. UNTERMYER. Yes. Would you not prefer to furnish that in the form of a list?

Mr. BAKER. No; because I think I can give it to you by thinking a moment or two.

Mr. UNTERMYER. We would like to have it precisely. You can prepare it over night and furnish it in the morning and have it precise.

Mr. BAKER. I could not prepare it over night. I do not know whether we could get it or not. I could give it to you practically.

Mr. UNTERMYER. No; I prefer to have it accurately, Mr. Baker, because in the excitement of testifying you might forget some.

Mr. BAKER. No.

Mr. UNTERMYER. And I would rather have you, if you will, make certain; and you can send it to us from New York, if you please. You may send it on from New York, if you choose.

Mr. FISHER A. BAKER. I think we had better have it in now. I think it is better for the witness to put that in now before this committee.

Mr. UNTERMYER. Will the witness put that in in the morning?

Mr. BAKER. I think I can give it now.

Mr. FISHER A. BAKER. If the question is asked by the committee, it may go on the record.

Mr. BAKER. The principal holding is 4,900 shares of the Bank of Commerce.

Mr. UNTERMYER. You have not yet told us of your holdings in the Chase Bank, have you? Your individual holdings?

Mr. BAKER. Oh, yes; I did. There are 50 shares.

Mr. UNTERMYER. That is in addition to what you hold through the Security?

Mr. BAKER. Yes. I hold 1,500 shares in the Bankers Trust Co.

Mr. UNTERMYER. That is in addition to the holding through the Security?

Mr. BAKER. Yes. I am simply giving my own personal holdings.

Mr. UNTERMYER. Yes.

Mr. BAKER. I hold 1,000 shares in the Guaranty and 250 shares of the New York Trust.

Mr. UNTERMYER. That is in addition to the Security?

Mr. BAKER. Yes; all these are in addition to that.

Mr. UNTERMYER. How about the Liberty Bank?

Mr. BAKER. I have not any holding there.

Mr. UNTERMYER. Are you not a director there?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Is Mr. Hine a director there?

Mr. BAKER. Yes; he is. In the Farmers' Loan I have a small amount—two or three hundred shares—and in the Astor Bank. Those two I can not give accurately.

Mr. SPOONER. Give them approximately, subject to correction.

Mr. UNTERMYER. The Liberty Bank has two directors who are directors in your bank, has it not?

Mr. BAKER. Yes; two or more. I do not know. Mr. Davison is a director there. There are two that I have not given you.

Mr. UNTERMYER. Yes.

Mr. BAKER. The Farmers' Loan and the Astor National Bank—somewhere about 250 shares each.

Mr. George F. Baker, jr., handed a memorandum to the witness.

Mr. BAKER. I will give you this a little more correctly now. The holding in the Bank of Commerce is 4,600 shares, in the Farmers' Loan 100 shares, and in the Astor 350 shares.

Mr. UNTERMYER. Have you now stated your entire individual holdings in banks and trust companies in New York?

Mr. BAKER. In New York City you mean?

Mr. UNTERMYER. Yes.

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you holdings in banks outside of New York?

Mr. BAKER. No.

Mr. UNTERMYER. None at all?

Mr. BAKER. I do not believe I can think of a single one.

Mr. UNTERMYER. The Security has, has it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Did the Mutual Life Insurance Co. have a large holding in the Bank of Commerce?

Mr. BAKER. Yes.

Mr. UNTERMYER. The proof here shows that it parted with one-half of those holdings.

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you remember the circumstances under which that took place?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were you a party to that transaction?

Mr. BAKER. No.

Mr. UNTERMYER. You were not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You were on the finance committee of the company, were you not?

Mr. BAKER. I thought you meant personally. Yes; I probably voted for it, if I was there at the meeting. I do not happen to remember.

Mr. UNTERMYER. Do you remember when it took place?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you remember that at the same time the Equitable Life parted with about half of its holdings?

Mr. BAKER. Yes.

Mr. UNTERMYER. In the Bank of Commerce?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were you a party to the arangement by which that was brought about?

Mr. BAKER. I bought that stock; yes, sir.

Mr. UNTERMYER. You mean you bought the Equitable stock?

Mr. BAKER. Yes.

Mr. UNTERMYER. And Mr. Stillman bought the Mutual?

Mr. BAKER. Yes.

Mr. UNTERMYER. That was done at the same time, was it not?

Mr. BAKER. Somewhere near the same time; whether it was exactly the same or not I do not remember.

Mr. UNTERMYER. The transactions were initiated at the same time, were they not, with the two insurance companies?

Mr. BAKER. Practically; within a few days. I do not remember exactly.

Mr. UNTERMYER. Do you remember in what year that took place?

Mr. BAKER. Two or three years ago. I can not remember.

Mr. UNTERMYER. It was in 1911, was it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Who first suggested that arrangement?

Mr. BAKER. The purchasing of the Bank of Commerce?

Mr. UNTERMYER. Yes.

Mr. BAKER. I guess it would be pretty hard to tell who first suggested it. May I consult counsel about another point?

Mr. UNTERMYER. No, Mr. Baker.

Mr. SPOONER (after a pause). Have you decided whether the witnes can speak to his counsel or not?

Mr. UNTERMYER. Do you mean, to refresh his recollection?

Mr. SPOONER. He asked if he might speak to his counsel.

Mr. UNTERMYER. Yes.

Mr. BAKER (after consulting counsel). I do not recollect that, Mr. Untermyer. I can not tell you.

Mr. UNTERMYER. Were you a party to the conferences, if there were any, that resulted in this arrangement to take one-half of the holdings of these two insurance companies?

Mr. BAKER. Undoubtedly. I do not remember——

Mr. UNTERMYER. Who were associated with you in those conferences?

Mr. BAKER. I think some of the Morgan people and Mr. Stillman.

Mr. UNTERMYER. Mr. Morgan and his firm were already largely interested in the Bank of Commerce at that time, were they not?

Mr. BAKER. Yes. He has been identified with the Bank of Commerce for a great many years. I do not know whether the firm had any interest or not.

Mr. UNTERMYER. So was Mr. Stillman?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Were you interested in the Bank of Commerce prior to that time?

Mr. BAKER. Yes.

Mr. UNTERMYER. How much stock had you held prior to the time when you received the stock from the Equitable?

Mr. BAKER. I do not remember; but I do not believe it was over a thousand shares.

Mr. UNTERMYER. Your purchase from the Equitable was the purchase of 15,250 shares, or something of that kind, was it not?

Mr. BAKER. That was practically it.

Mr. UNTERMYER. Did you buy that for the joint account of yourself and others?

Mr. BAKER. Not for joint account; no, sir; I distributed some of it. I did not keep it all.

Mr. UNTERMYER. You bought in with others—in conjunction with others?

Mr. BAKER. Yes.

Mr. UNTERMYER. And the stock of the Mutual was bought in the same way, was it not?

Mr. BAKER. I presume so. I never asked Mr. Stillman what he did with it. He may have it all to-day, or he may not. I do not know.

Mr. UNTERMYER. What did you do with yours?

Mr. BAKER. I distributed some of it. You saw where I gave five thousand of it to the security company.

Mr. UNTERMYER. Yes.

Mr. BAKER. I kept 5,000 or more myself and gave my daughter 500 shares of it.

Mr. UNTERMYER. Was any distributed among other people down in Wall Street?

Mr. BAKER. I think Mr. Hine bought a little, and I think some of the others bought a little, too.

Mr. UNTERMYER. Did J. P. Morgan or J. P. Morgan & Co. get any of that additional stock?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Did they not get part of it that Mr. Stillman purchased?

Mr. BAKER. I do not know, sir.

Mr. UNTERMYER. Do you know about it?

Mr. BAKER. I rather think they did.

Mr. UNTERMYER. Do you not know how much they got of the Stillman purchase?

Mr. BAKER. No, sir; I do not.

Mr. UNTERMYER. What was the understanding on which Mr. Stillman took stock at the same time you took the stock from the Equitable?

Mr. BAKER. I could not tell you; that is, I do not say that I will not tell you, but I do not remember.

Mr. UNTERMYER. You do not know?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did you and he discuss the subject?

Mr. BAKER. I think very likely.

Mr. UNTERMYER. Was the purchase of that stock the result of an understanding between you and him and others?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who were the others?

Mr. BAKER. Some of the people at Mr. Morgan's.

Mr. UNTERMYER. Who?

Mr. BAKER. I can not remember whether it was Mr. Morgan himself or Jack—I mean Mr. J. P. Morgan, jr.—or some others; I do not remember.

Mr. UNTERMYER. Then the purchase altogether amounted to about 42,200 shares, did it not, from the two companies?

Mr. BAKER. Yes.

Mr. UNTERMYER. What arrangement was there as to the distribution of that stock; how it should be distributed between Messrs. Morgan and Stillman and yourself?

Mr. BAKER. I can not remember that there was any in particular. I disposed of mine as I have told you, and that is as near as I can remember. I can account for the bulk of it.

Mr. UNTERMYER. Was there or was there not talk about the distribution of that 42,000 shares?

Mr. BAKER. There may have been, but I do not remember.

Mr. UNTERMYER. You do not remember whether there was or not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. And you can not tell what Messrs. Morgan & Co. agreed to take before the stock was bought?

Mr. BAKER. I do not know whether they agreed to take any. I think Mr. Morgan took 10,000 shares, probably, from Mr. Stillman.

Mr. UNTERMYER. Before you bought the stock between you, these three interests, was there not some understanding, and if so, what was it, as to the way it should be divided up?

Mr. BAKER. Possibly there was, but I do not remember clearly enough to answer the question intelligently to you. I am willing to

admit, if it is of any interest to the committee, that there was an understanding and that we were to take it for joint account.

Mr. UNTERMYER. The committee would rather not have any admissions that do not agree with your recollection, if you have no recollection of it at all.

Mr. BAKER. I have not a definite enough recollection to state under oath.

Mr. UNTERMYER. Is it your impression that there was an understanding that it was purchased for joint account?

Mr. BAKER. Yes.

Mr. UNTERMYER. Between those three interests?

Mr. BAKER. Yes; that it would be divided. I do not think they were for joint account.

Mr. UNTERMYER. You mean the method of division was another matter?

Mr. BAKER. Yes.

Mr. UNTERMYER. Was there any discussion or understanding at that time as to how much you then owned between those three interests?

Mr. BAKER. I do not think so. I can not recall that, except that I have an indistinct recollection of somebody saying, or Mr. Morgan saying, that he had 7,000 shares—the firm or himself—I think it was himself.

Mr. UNTERMYER. Mr. Ryan had a large interest, had he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Was that acquired, too?

Mr. BAKER. I do not remember about that.

Mr. UNTERMYER. Did you three gentlemen acquire part of it?

Mr. BAKER. No, sir; I did not have any interest in it.

Mr. UNTERMYER. If those two gentlemen did, you do not know whether there was any interest?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You have not heard of any?

Mr. BAKER. No, sir. I always heard that his interest went to Mr. Harriman.

Mr. UNTERMYER. What is that?

Mr. BAKER. I always heard that a large part of his interest went to Mr. Harriman. I do not know, though.

Mr. UNTERMYER. You mean in the Bank of Commerce?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Was that while he and Mr. Harriman owned a proportion of the Equitable stock?

Mr. BAKER. I do not know. I have always heard that Mr. Harriman bought a large interest in the Bank of Commerce.

Mr. UNTERMYER. You remember that Mr. Harriman insisted on Mr. Ryan giving him one-half of his Equitable stock?

Mr. BAKER. I have seen that stated.

Mr. UNTERMYER. What?

Mr. BAKER. I have seen that stated.

Mr. UNTERMYER. Do you not know that?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Have you not talked with Mr. Ryan or Mr. Harriman about it?

Mr. BAKER. I never mentioned it to either of them.

Mr. UNTERMYER. I understood you had made this arrangement with Messrs. Morgan & Co., Mr. Stillman, and yourself to take one-half the holdings of these two companies in the Bank of Commerce. Will you tell me why you took the Equitable stock and Mr. Stillman took the other stock?

Mr. BAKER. The reason I took the Equitable was that I was prohibited, practically, from buying the Mutual Union stock.

Mr. UNTERMYER. You mean the Mutual Life?

Mr. BAKER. The Mutual Life.

Mr. UNTERMYER. You were prohibited from buying the Mutual Life?

Mr. BAKER. I did not want to trade with myself.

Mr. UNTERMYER. Yes. You were the head of the finance committee?

Mr. BAKER. I was on the finance committee, and would have been selling to myself.

Mr. UNTERMYER. That is the reason you had Mr. Stillman buy that and you bought the other?

Mr. BAKER. I did not have Mr. Stillman do it. He is quite capable of doing things himself.

Mr. UNTERMYER. But it was done pursuant to a joint arrangement?

Mr. BAKER. Yes.

Mr. UNTERMYER. What was the different moral aspect, if there was any moral aspect to it, between you three gentlemen getting together and arranging to buy the stocks of both of these companies, having him buy the Mutual stock and you buy the Equitable stock, and your buying the Mutual stock?

Mr. BAKER. I do not know. We never discussed that.

Mr. UNTERMYER. You do not see any difference, do you? The difference was in form?

Mr. BAKER. One was perfectly proper and the other might be criticized.

Mr. UNTERMYER. One was proper in form and the other might be subject to comment. Is that right? Did it occur to you at the time you were buying from the Equitable that you had a contingent interest in the Equitable?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You had such an interest, had you not?

Mr. BAKER. Such an interest as has been developed, yes.

Mr. UNTERMYER. And Mr. Stillman also had an interest in the Equitable of that character?

Mr. BAKER. Yes. I do not believe there was anything in any law that would prohibit a stockholder—even if I had been a stockholder, which I was not—having an interest or buying from the Equitable.

Mr. UNTERMYER. I am not criticising your action at all, Mr. Baker, or characterizing it. I am merely trying to get at the facts. At that time you had given Mr. Morgan this letter, had you not?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Yes.

Mr. BAKER. If you say so perhaps it is right.

Mr. UNTERMYER. When was this Bank of Commerce transaction?

Mr. BAKER. You told me a few minutes ago. I do not remember.

Mr. UNTERMYER. The arrangement of the Equitable with Mr.

Morgan was in March or April, 1911, was it not? Was the Bank of Commerce transaction before that or after?

Mr. BAKER. I think it must have been after that.

Mr. UNTERMYER. You mean the arrangement with Mr. Morgan for the Equitable?

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you any way of fixing it approximately?

Mr. BAKER. No; I have not.

Mr. UNTERMYER. Was it more than a year ago?

Mr. BAKER. I should think so; yes, sir.

Mr. Morgan's arrangement with the Equitable was more than a year ago.

Mr. UNTERMYER. But I mean the Bank of Commerce arrangement; was that more than a year ago?

Mr. BAKER. Oh, yes; it must have been.

Mr. UNTERMYER. You think it was?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Your recollection is, then, that the Bank of Commerce arrangement was before you gave the letter to Mr. Morgan?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Will you supply us those dates?

Mr. BAKER. I think I can.

Mr. UNTERMYER. You can supply it from your check book, can you not?

Mr. BAKER. I do not think I can. I can find it.

Mr. UNTERMYER. You gentlemen paid for this stock, did you not?

Mr. BAKER. Yes. I can find it.

Mr. UNTERMYER. To whom did you pay?

Mr. BAKER. I paid to the Equitable.

Mr. UNTERMYER. How did you adjust the accounts between you?

Mr. BAKER. I do not remember; but I probably delivered to the others whatever stock I transferred to them and got their checks for it.

Mr. UNTERMYER. Mr. Baker, I call your attention to Judge Day's testimony with respect to this Bank of Commerce transaction.

Mr. BAKER. I am willing to certify to anything that he said.

Mr. UNTERMYER. It may refresh your recollection.

Mr. BAKER. Yes.

Mr. UNTERMYER (reading):

When did you dispose of the remaining 25,000?

That is, the 25,000 that the Equitable sold.

Answer. It was in April, I think, of last year.

Mr. BAKER. It was not 25,000; it was 17,000, was it not? It should be seventeen.

Mr. UNTERMYER. He says it was in April, 1912, that this Bank of Commerce transaction was made. Does that refresh your recollection?

Mr. BAKER. It could not have been that. There must have been an error somewhere. It is longer ago than that, a good deal.

Mr. SPOONER. You can be furnished with the date, Mr. Untermyer.

Mr. UNTERMYER. Coming, now, to this transaction of the Equitable Life. You remember when Mr. Morgan acquired the control from Messrs. Ryan and Harriman, do you not?

Mr. BAKER. Yes, sir.
Mr. UNTERMYER. When was it?
Mr. BAKER. I could not tell you that date.
Mr. UNTERMYER. It was in 1910, was it not?
Mr. BAKER. If that is what you have in your record there, that is correct, I suppose.
Mr. UNTERMYER. I think that is correct. Is that your recollection?
Mr. BAKER. No; it is not my recollection; but it is on the record there.
Mr. UNTERMYER. What is your recollection?
Mr. BAKER. I know it was two or three years ago. That is all.
Mr. UNTERMYER. At the time Mr. Morgan acquired the interest in the Equitable did he consult with you?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. And with Mr. Stillman?
Mr. BAKER. Yes.
Mr. UNTERMYER. Did you all reach any agreement at that time with respect to the division of interest?
Mr. BAKER. I do not think so.
Mr. UNTERMYER. What is your recollection?
Mr. BAKER. It was one of those generous things that Mr. Morgan thought he wanted to do, and we felt that we should back him up in it. That is about the sum and substance of it. We knew there was no money or profit in it and probably a large loss.
Mr. UNTERMYER. The question was, whether at the time Mr. Morgan acquired that interest he consulted with you gentlemen. You say he did?
Mr. BAKER. Yes. We used to consult together a great deal about things at that time, and the time after the panic, for several years.
Mr. UNTERMYER. This was in 1910, was it? That was three years after the panic.
Mr. BAKER. Yes.
Mr. UNTERMYER. And you kept on consulting with one another after the panic?
Mr. BAKER. We did, until Mr. Stillman went to Europe to live, and Mr. Morgan is there most of the time—more than half of the time, too—so that we do not get the opportunity.
Mr. UNERMYER. When he is here, you and he consult together all the time about matters in which you are jointly interested, do you not?
Mr. BAKER. Frequently.
Mr. UNTERMYER. You have very large and extensive joint interests, have you not?
Mr. BAKER. No; I do not think so.
Mr. UNTERMYER. You and Mr. Morgan's firm have not?
Mr. BAKER. No.
Mr. UNTERMYER. Do you know in how many corporations you are jointly interested?
Mr. BAKER. I can not think of one.
Mr. UNTERMYER. Can you not? We will come to that in a moment.
Mr. BAKER. If I understand your question properly.
Mr. UNTERMYER. Do you know how many financial issues you have made together, in which you have been underwriters?
Mr. BAKER. I do not. I do not recollect.

Mr. UNTERMYER. Should you say that there were 56 transactions of large magnitude in 26 corporations?

Mr. BAKER. I should not be surprised.

Mr. UNTERMYER. Within the past few years?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You and Mr. Morgan's firm are jointly interested, are you not, in the anthracite coal carrying roads?

Mr. BAKER. I did not know that we were; no, sir.

Mr. UNTERMYER. You did not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You are joint directors, are you not?

Mr. SPOONER. You mean it takes two of them to make a director?

Mr. UNTERMYER. Are you not joint directors?

Mr. BAKER. I would like to have you explain what you mean by joint directors?

Mr. UNTERMYER. Directors on the same board.

Mr. BAKER. Oh, yes.

Mr. UNTERMYER. Let us take up that subject for a moment and see whether your memory can not be refreshed.

Mr. BAKER. That is a different question from having a joint interest. I acknowledge right off that I have an interest in the same things with them, but we do not have them jointly.

Mr. UNTERMYER. What you mean is that each of you owns his own interest?

Mr. BAKER. Absolutely independent, free, and clear. I can sell mine and he can sell his.

Mr. UNTERMYER. That is what you meant when you said to me that you and Mr. Morgan were not jointly interested in vast enterprises, is it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You did not mean that you were not together interested in vast enterprises?

Mr. BAKER. No. If you own 100 shares in the Jersey Central Railroad, and he owned 100 shares in the Jersey Central Railroad, and I own 100 shares in the Jersey Central Railroad, we three would have the same interest exactly.

Mr. UNTERMYER. Yes; how about your having acquired them together, through joint participations?

Mr. BAKER. That would make no difference; but I do not recollect any at the moment. I do not say that we did not.

Mr. UNTERMYER. We wandered a little off this question of the banks. We will come to the other matters in a little while.

Mr. BAKER. All right, Mr. Untermyer. I do not want to be technical. I would like to answer it in a broad way and say yes.

Mr. UNTERMYER. I understand.

Mr. BAKER. If you think in a way that we were both interested, that we have a joint interest, and that is the way you construe it, I will admit the joint interest—any way you want to construe it.

Mr. UNTERMYER. I have explained what I mean, Mr. Baker. What I meant was to inquire of you as to the various projects that you and Messrs. Morgan & Co. have gone into together, you understand?

Mr. BAKER. Yes.

Mr. UNTERMYER. And in which you both are interested, through your original joint purchase.

Mr. BAKER. All right.

Mr. UNTERMYER. You have made repeated joint purchases, have you not, of securities?

Mr. BAKER. If you have some there, I can answer better.

Mr. UNTERMYER. Do you not know that you and they have gotten up syndicates of all kinds together for the purchase of securities?

Mr. BAKER. Oh, that we have purchased securities together and sold them? Oh, yes.

Mr. UNTERMYER. You have purchased them for joint account?

Mr. BAKER. We have done such things; oh, yes. That is a different thing.

Mr. UNTERMYER. In that way you have become interested in various corporations, have you not? Is not that right?

Mr. BAKER. No; we were not interested. We purchased those securities and sold them.

Mr. UNTERMYER. But you have taken seats on the board, following those purchases, have you not?

Mr. BAKER. I do not recollect such a thing.

Mr. UNTERMYER. We will come to that.

Mr. BAKER. Yes. I will answer any specific question.

Mr. UNTERMYER. That would apply, for instance, to the anthracite roads, would it not?

Mr. BAKER. Yes. I do not think there is any such instance. There is possibly one.

Mr. UNTERMYER. Well, we will take a number of them.

Mr. BAKER. Just state one and I will answer in regard to it. I do not want to put myself in the position of trying to either conceal anything from you that you wish to investigate, or throw you off from any investigation of anything you want to find out about.

Mr. UNTERMYER. I do not charge you with doing that, Mr. Baker.

Mr. BAKER. I know you do not; but I do not want to give you a chance to think it, without charging it.

Mr. UNTERMYER. Will not that depend very much on the way in which you answer the questions?

Mr. BAKER. It will depend more on the way you put them, perhaps.

Mr. UNTERMYER. Have you any complaint to make as to the way in which the questions are being put?

Mr. BAKER. No complaint whatever, Mr. Untermyer.

Mr. UNTERMYER. We will reach that in a little while. I want to ask you further concerning this Equitable Life transaction. Do I correctly understand that at the time Mr. Morgan made the purchase you and Mr. Stillman committed yourselves to take part of it?

Mr. BAKER. That was done so informally——

Mr. UNTERMYER (interrupting). Did you?

Mr. BAKER. Yes. I will say we did.

Mr. UNTERMYER. You were consulted before it was done, and you agreed to take a part of it?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then, following that, about a year later, you were asked to write this letter, were you not, confirming that arrangement?

Mr. BAKER. Yes. Mr. J. P. Morgan, jr., wrote me a letter, and I put my initials at the bottom, saying it was so, or something of that kind.

Mr. UNTERMYER. Have you or Mr. Stillman as yet paid your proportionate share, or been called upon to do so?

Mr. BAKER. Oh, I do not think that is a fair question to ask me, Mr. Untermyer, is it?

Mr. UNTERMYER. I think it is a very fair question and quite an important one.

Mr. BAKER. I think that is a personal matter, but I would not refuse it if the committee wants me to answer it. That is all.

The CHAIRMAN. After a little informal conference among the members of the committee, the committee authorizes me to say that they think this is a matter within the jurisdiction of the committee, and that you should answer the question, inasmuch as you are related to national-banking institutions and a controlling factor, or at least, a large holder.

Mr. SPOONER. He has already testified, Mr. Chairman, that he is interested in it.

The CHAIRMAN. We think the question is germane.

Mr. SPOONER. If the committee can afford to ask the question the witness will answer it.

Mr. UNTERMYER. Will you please answer the question, Mr. Baker?

Mr. BAKER. It is so immaterial. I have never been called upon and never have paid a dollar. You put another part to the question there, as to whether Mr. Stillman had. I have nothing to do with his affairs.

Mr. UNTERMYER. You do not know whether Mr. Stillman has been asked to pay and has paid?

Mr. BAKER. I do not.

Mr. UNTERMYER. There has been a credit of this amount and no charge of it in the accounts between you and Messrs. Morgan & Co.?

Mr. BAKER. In no way, directly, indirectly, nor any statement, or anything else about it.

Mr. UNTERMYER. You are simply committed to pay this when you are called on; is that right?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there any understanding as to whether you would be called on?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You are trying to get some legislation to mutualize the Equitable, are you not?

Mr. BAKER. That I do not know.

Mr. UNTERMYER (continuing). To get back this money?

Mr. BAKER. I think there is something of that kind, but I do not know.

Mr. UNTERMYER. The idea is to have the Equitable pay out this money and become a mutual company, is it not?

Mr. BAKER. That was Mr. Morgan's idea.

Mr. UNTERMYER. And that has been before the Legislature of New York, has it not?

Mr. BAKER. I do not know. I have the impression that it has, but I do not know. I have never paid any attention to it.

Mr. UNTERMYER. You know something about a mutual life insurance company? You know what mutual life insurance companies are, so far as concerns the participation of the policy holders?

Mr. BAKER. Yes.

Mr. UNTERMYER. You know that they do not, as a rule, take any interest in it?

Mr. BAKER. Not much.

Mr. UNTERMYER. So that if Mr. Morgan and his associates could get back their money by mutualizing the Equitable Life that would not be likely to work any change of control in the Equitable Life, would it?

Mr. BAKER. I imagine not.

Mr. UNTERMYER. Would not the result of that transaction be, then, that they would get back their money and still retain the control of the company?

Mr. BAKER. I do not think they have any control there.

Mr. UNTERMYER. You do not think so?

Mr. BAKER. I do not.

Mr. UNTERMYER. They own a majority of the stock, do they not?

Mr. BAKER. Yes; that is, if they have control, I do not think they have ever exercised it.

Mr. UNTERMYER. I understood you to say you do not know anything about it.

Mr. BAKER. I do not.

Mr. UNTERMYER. Then, you would rather not talk on that subject, would you not?

Mr. BAKER. I can not talk very intelligently on it.

Mr. UNTERMYER. You have said that you were on the finance committee of the Mutual Life. You have been in that position for many years, have you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you remember about how long you have occupied that position?

Mr. BAKER. I am the oldest member of the Mutual Life board. I suppose it must have been over 30 years. I do not mean that I am the oldest in years, but I am the only member living who was there when I went in.

Mr. UNTERMYER. Are you the chairman of the committee?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Who is the chairman of the committee?

Mr. BAKER. I do not think they have any chairman, except as the president always acts as chairman.

Mr. UNTERMYER. Ex officio?

Mr. BAKER. Yes.

Mr. UNTERMYER. You are the ranking member of the finance committee?

Mr. BAKER. We do not have any. I am the oldest member in the respect I have stated.

Mr. UNTERMYER. Have you been very active in the Mutual Life?

Mr. BAKER. Not of late years.

Mr. UNTERMYER. But you were for many years very active in its management, were you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were you active in its management at the time Mr. McCurdy resigned in 1906, following the revelations of the Armstrong committee?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. He was succeeded by Mr. Peabody, was he not?

Mr. BAKER. He was succeeded by Mr. Peabody; yes, sir.

Mr. UNTERMYER. You are a director of the Adams Express Co., are you not?

Mr. BAKER. Yes; I believe they call them trustees.

Mr. UNTERMYER. You are a trustee of that company, then?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And you are also in the Chicago, Burlington & Quincy Railroad?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Are you also a director of the Northern Pacific?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is the Chicago, Burlington & Quincy a competitor of the Northern Pacific?

Mr. BAKER. Is the road a competitor?

Mr. UNTERMYER. Yes; they reach competing points, do they not?

Mr. BAKER. Yes; I think so, at some places.

Mr. UNTERMYER. Where do they compete? They compete on the Mississippi River, do they not?

Mr. BAKER. I could not tell you. It is only a question whether they do at one little place—a short road that runs out of Billings. I can not answer that.

Mr. UNTERMYER. They compete on Mississippi River points to Billings and beyond?

Mr. BAKER. I do not know. I can not answer that.

Mr. UNTERMYER. Are you also a director or voting trustee of the Chicago Great Western?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That is a substantial competitor of the Chicago, Burlington & Quincy, is it not?

Mr. BAKER. Well, I do not know about that.

Mr. UNTERMYER. Do they not compete at Chicago, Kansas City, and Omaha?

Mr. BAKER. I think likely, but I do not know.

Mr. UNTERMYER. You are also a director in the New York Central, are you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And of the Erie?

Mr. BAKER. Yes.

Mr. UNTERMYER. And of the Lehigh Valley?

Mr. BAKER. Yes.

Mr. UNTERMYER. And of the Delaware, Lackawanna & Western?

Mr. BAKER. Yes.

Mr. UNTERMYER. They are all competitors between New York and Chicago, are they not?

Mr. BAKER. Yes; they try to be, I think.

Mr. UNTERMYER. And you try to be a director of all of them?

Mr. BAKER. Yes.

Mr. UNTERMYER. Are you also a director in the Reading road?

Mr. BAKER. Yes.
Mr. UNTERMYER. And in the Central Railroad of New Jersey?
Mr. BAKER. Yes.
Mr. UNTERMYER. And in the New York, Susquehanna & Western?
Mr. BAKER. I think so; yes.
Mr. FISHER A. BAKER. In the Delaware & Hudson, you mean?
Mr. UNTERMYER. No; not in the Delaware & Hudson; in the New York, Susquehanna & Western.
They are all roads that operate between anthracite mines and tide water, are they not?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. And they are all competitors, are they not?
Mr. BAKER. Yes.
Mr. UNTERMYER. Do you see any impropriety in acting on the boards of competing railroads?
Mr. SPOONER. Is that a question of ethics?
Mr. BAKER. I see a great inconvenience in it, Mr. Untermyer.
Mr. UNTERMYER. You understand, when I asked whether you saw any impropriety, that I meant from the business point of view, in acting on the boards of competing railroads.
Mr. BAKER. If I did I would not do it.
Mr. UNTERMYER. You do not, either, see any such impropriety in acting on the boards of different potentially competing banks, do you?
Mr. BAKER. No, sir; not at all.
Mr. UNTERMYER. Nor of industrial corporations?
Mr. BAKER. No, sir.
Mr. UNTERMYER. Do you think it is perfectly consistent to do so?
Mr. BAKER. And very often very beneficial.
Mr. UNTERMYER. Very beneficial?
Mr. BAKER. Sometimes, to both.
Mr. UNTERMYER. To all the competitors?
Mr. BAKER. To all parties interested; yes, sir.
Mr. UNTERMYER. Suppose all the directors were the same on all the competing railroads, would you think that beneficial to all of them?
Mr. BAKER. I do not know, I am sure. That is too large a question for me to answer.
Mr. UNTERMYER. Suppose a majority of the directors of competing railroads were the same, would you recognize no difficulty, so far as concerns free competition in that situation?
Mr. BAKER. I think now the laws regulate that so well that it would not make much difference.
Mr. UNTERMYER. Your views of that and the view that the law has laid down differ somewhat, do they?
Mr. BAKER. Well, I do not know. I do not know the law closely enough to say.
Mr. UNTERMYER. What I should like to find out, Mr. Baker, is whether you think, from a business point of view, that competition can be quite as freely exercised where there is an identity of directors as where there is a diversity of directors?
Mr. BAKER. I do not see why not. Mr. Jay Gould used to say, and he told me once, that the greatest success he had was in being on two boards, where he could adjust differences that might have created a great deal of disturbance.
Mr. UNTERMYER. You consider him a good authority, do you?

Mr. BAKER. On that business, yes.

Mr. UNTERMYER. You agree with him on that, do you?

Mr. BAKER. That is what he stated was his success, and I believed him.

Mr. UNTERMYER. And that is your view, is it?

Mr. BAKER. It might become so. I never happened to be placed in the position where I had to adjust differences.

Mr. UNTERMYER. But you quoted his view. Is that your view?

Mr. BAKER. I think it might be; yes.

Mr. UNTERMYER. You say that by being on two boards of competing companies, you can adjust differences between the companies. Does that mean that you can regulate competition between the companies?

Mr. BAKER. No, sir; I did not mean that, and I do not think he did, in his statement. It was a question of their getting into a quarrel over something, and being able to get together and settle it and smooth it out.

Mr. UNTERMYER. A quarrel between competitors?

Mr. BAKER. Possibly between competitors, or maybe about something entirely free from competition.

Mr. UNTERMYER. Do you not think that an identity of interest represented on the board of directors between competitors rather interfers with competition and leads to agreements and understandings that would not otherwise exist?

Mr. BAKER. I have never seen any troubles from it.

Mr. UNTERMYER. Yes; but I am not speaking of troubles. I am talking about arrangements.

Mr. BAKER. Well——

Mr. UNTERMYER. Do you not think that that leads to encouraging arrangements between competitors in the restricting of competition?

Mr. BAKER. Oh, I should doubt it. I have never seen anything to that effect.

Mr. UNTERMYER. You think, then, that if two boards of competing railroads are identical, the competition between them would be likely to be just as keen and uncompromising as if they were entirely different?

Mr. BAKER. I have never seen any such instance as that. I should hardly think so.

Mr. UNTERMYER. Are there not some such instances in the anthracite roads, of which you are director?

Mr. BAKER. Not with both boards. There are interests in both boards.

Mr. UNTERMYER. Well, large interests?

Mr. BAKER. There is just as much competition as if there was not any.

Mr. UNTERMYER. You think there is just as much competition, for instance, between the Reading and the Jersey Central as if they did not have the same board?

Mr. BAKER. There is no competition there; they are both parts of the same line.

Mr. UNTERMYER. They are different properties, are they not?

Mr. BAKER. But the Reading owns the Central. It is all one thing.

Mr. UNTERMYER. They own the Jersey Central. There is no competition there, is there?

Mr. BAKER. Oh, no; because they join right together, end to end. The Jersey Central is the 72 miles going into New York City.

Mr. UNTERMYER. I understand; but they were competitors, were they not?

Mr. BAKER. I think they used to go over the line just the same.

Mr. UNTERMYER. What is it?

Mr. BAKER. I think they used to go in over our line just the same. They had trackage rights, I think.

Mr. UNTERMYER. And with those trackage rights between the anthracite mines and tidewater, they were active competitors of the Reading?

Mr. BAKER. I can not remember; but I do not think they were any more than they are now. Each owned their own mines and transported their property from their own mines.

Mr. UNTERMYER. You think the Jersey Central and the Reading are competitors now, do you?

Mr. BAKER. No; not much of any.

Mr. UNTERMYER. But they were at one time, were they not?

Mr. BAKER. No.

Mr. UNTERMYER. You owned the Jersey Central, did you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. You sold it to the Reading?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And they both went from the anthracite mines to tidewater, did they not?

Mr. BAKER. Yes, sir; but they went to different parts of it and each took its own property.

Mr. UNTERMYER. They did not compete at all prior to the combination?

Mr. BAKER. I would not say not at all. They may have competed at some points, but not to a great extent.

Mr. UNTERMYER. And the Erie and the Reading are not competitors, are they?

Mr. BAKER. I do not know about that. Yes; they must be.

Mr. UNTERMYER. What?

Mr. BAKER. I think very likely.

Mr. UNTERMYER. They are?

Mr. BAKER. Yes.

Mr. UNTERMYER. You are on both boards, are you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And so is Mr. Morgan?

Mr. BAKER. Mr. Morgan?

Mr. UNTERMYER. Yes.

Mr. BAKER. No; I do not think he is on either of them.

Mr. UNTERMYER. Do you know how many directors there are in the Reading?

Mr. BAKER. No.

Mr. UNTERMYER. You do not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are there not nine?

Mr. BAKER. I should think about that number.

Mr. UNTERMYER. Are you and your son two of them?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You are one of them, are you not?

Mr. BAKER. Yes.
Mr. UNTERMYER. And Mr. Stotesbury, of Mr. Morgan's firm, is another?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. In the Central Railroad of New Jersey are you a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is Mr. Fahnestock, of your bank, a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is Mr. Steele, of Messrs. Morgan & Co., a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. And Mr. Stotesbury is a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. How many directors are there in all there?
Mr. BAKER. I have forgotten the number.
Mr. UNTERMYER. There are nine, are there not?
Mr. BAKER. Nine or thirteen.
Mr. UNTERMYER. Who is Mr. Henry Graves?
Mr. BAKER. Well, I do not know whether he has any business or not. He was in the Atlas Cement Co.
Mr. UNTERMYER. Mr. Baer is the president of both those companies, is he not?
Mr. BAKER. Yes.
Mr. UNTERMYER. Are you a director of the Lehigh Valley Railroad?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is Mr. Daniel G. Reid a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Mr. Charles Steele and Mr. Stotsbury, of Messrs. Morgan & Co., are also directors?
Mr. BAKER. Yes.
Mr. UNTERMYER. In the Delaware, Lackawanna & Western are you a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is your son a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is Mr. Fahnestock a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Another Mr. Fahenstock is also a director, is he not?
Mr. BAKER. Yes.
Mr. UNTERMYER. Both of your bank?
Mr. BAKER. No; only one of them.
Mr. UNTERMYER. Both of them are connected?
Mr. BAKER. No; only one is connected?
Mr. UNTERMYER. The other is a son of the elder, is he not?
Mr. BAKER. Yes; a son.
Mr. UNTERMYER. And Mr. Stillman is also a director, is he?
Mr. BAKER. Yes.
Mr. UNTERMYER. Are you a director in the Erie road?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is Mr. Hamilton, of Messrs. Morgan & Co., also a director?

Mr. BAKER. Yes.
Mr. UNTERMYER. And Mr. Steele, of Morgan & Co., is a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. And Mr. Stetson is a director?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. In what way is he connected with Messrs. Morgan & Co.?
Mr. BAKER. I can not tell you what the relation is. He is counsel for them in a number of matters. He is general counsel for the Erie Railroad, too.
Mr. UNTERMYER. Is Mr. Charles A. Peabody a director of the Erie?
Mr. BAKER. I think he is.
Mr. UNTERMYER. And Mr. George W. Perkins? Was Mr. Perkins a director when he was in Messrs. Morgan's firm? Did he not become a director while he was a partner of the firm of J. P. Morgan & Co.?
Mr. BAKER. I have forgotten; but I think so. If you have a list of them, that is undoubtedly correct.
Mr. UNTERMYER. Now, about the New York, Susquehanna & Western; that is another coal road?
Mr. BAKER. That is a little branch of the Erie. It is the same thing.
Mr. UNTERMYER. Let us see about it. You are a director there?
Mr. BAKER. Yes.
Mr. UNTERMYER. And Mr. Davison, of Morgan & Co., is a director?
Mr. BAKER. I do not know who the directors are there.
Mr. UNTERMYER. Mr. Steele and Mr. Stetson are also directors?

There was no answer.

Mr. UNTERMYER. What is your answer?
Mr. BAKER. You asked me if Mr. Steele and Mr. Stetson are directors. I do not remember who were the directors in that, and I do not think we have had any meeting in so long that I have forgotten.
Mr. UNTERMYER. You say the New York, Susquehanna & Western has not had any directors' meetings for a long time?
Mr. BAKER. I have not happened to be at one for some time; that is what I will say.
Mr. UNTERMYER. Do you know whether they have held any?
Mr. BAKER. It seems to me I had notice of one the other day, but I was not there.
Mr. UNTERMYER. That is another coal road, is it not?
Mr. BAKER. That is a little branch of the Erie?
Mr. UNTERMYER. Where does it go from?
Mr. BAKER. I could not tell you; I know so little about it.
Mr. UNTERMYER. How long have you been a director?
Mr. BAKER. I do not know that.
Mr. UNTERMYER. A great many years?
Mr. BAKER. No. They have only owned it a few years.
Mr. UNTERMYER. Who has only owned it a few years?
Mr. BAKER. The Erie, I think. No, they have owned it a number of years.
Mr. UNTERMYER. What is the length of that road?

Mr. BAKER. I do not know.
Mr. UNTERMYER. You do not know how long it is?
Mr. BAKER. No; I do not.
Mr. UNTERMYER. Or from where, or where it goes?
Mr. BAKER. No.
Mr. UNTERMYER. Or anything about it?
Mr. BAKER. I know very little about it.
Mr. UNTERMYER. Or how many years you have been a director?
Mr. BAKER. No, sir.
Mr. UNTERMYER. Does not this little road run from the anthracite mines at Wilkes-Barre to Edgewater, N. Y.?
Mr. BAKER. I think very likely, but I could not tell you.
Mr. UNTERMYER. About 200 miles, is it not?
Mr. BAKER. I could not tell you.
Mr. UNTERMYER. What?
Mr. BAKER. I do not remember.
Mr. UNTERMYER. It goes from the mines to tidewater, does it not?
Mr. BAKER. I could not even tell you that.
Mr. UNTERMYER. It is a potential competitor of the Erie, is it not?
Mr. BAKER. It is not now. The Erie owns it.
Mr. UNTERMYER. It is not now, but it was until the Erie owned it, was it not?
Mr. BAKER. I do not know. I know very little about it, so that I can not answer intelligently any question regarding it.
Mr. UNTERMYER. Would not a railroad that went from the anthracite field to tidewater be a competitor of every other road that goes from the anthracite field to tidewater?
Mr. BAKER. Not necessarily. It might carry the coal of its own mines, or of mines connected with it.
Mr. UNTERMYER. It would have power to carry anybody's coal to tidewater, would it not?
Mr. BAKER. Yes; only there is not much of anybody's to carry except those connected with the different roads.
Mr. UNTERMYER. You mean that the roads own their own mines?
Mr. BAKER. They either own them or have affiliations with them.
Mr. UNTERMYER. They either own them or have a right to the output?
Mr. BAKER. They used to own them, but under the new law they do not own them.
Mr. UNTERMYER. They used to own them until the new law fixed it so that they had to have affiliations with them, and then they formed the Temple Iron Co.?
Mr. BAKER. That did not have much to do with it.
Mr. UNTERMYER. They did form the Temple Iron Co., did they not?
Mr. BAKER. Yes.
Mr. UNTERMYER. Tell us how they fixed it when the new law came in, so that they could continue to control the output, but yet not violate the law by owning the mines?
Mr. BAKER. They organized a coal company and bought the whole output right at the mouth of the mines.
Mr. UNTERMYER. And when the new law came along they organized a separate company of the coal properties and they took stock in the company; is that it?

Mr. BAKER. No; they organized what you might call a sales company, and they bought the whole output of the mine.

Mr. UNTERMYER. Yes; they just whipped the devil around the stump in that way?

Mr. BAKER. If that is the way you want to put it.

Mr. UNTERMYER. I see. The railroad company still owns the mines, does it not?

Mr. BAKER. There is only one case I know of, or possibly two; the Lackawanna, and, I think, the Delaware & Hudson. I am not certain.

Mr. UNTERMYER. They own the mines and sell the output at the mines?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is the way they get around the law?

Mr. BAKER. No; that is the way to comply with the law.

Mr. FISHER A. BAKER. The Supreme Court held that it was a compliance.

Mr. UNTERMYER. I forgot to ask you whether you are also a director of the Lehigh & Wilkes-Barre Coal Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is a subsidiary of the Jersey Central?

Mr. BAKER. Yes.

Mr. UNTERMYER. And you are also a director in the Pennsylvania Coal Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is a subsidiary of the Erie Railroad?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you any personal knowledge of the transaction by which the Pennsylvania Coal Co. was sold to the Erie road?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You did not take part in that?

Mr. BAKER. No, sir.

The CHAIRMAN. I hope that it will not result in inconvenience, but I have some business matters to attend to this afternoon, and I will have to ask a recess of the committee until to-morrow at 11 o'clock.

At 3.50 o'clock p. m. the committee adjourned until to-morrow, Friday, January 11, 1913, at 11 o'clock a. m.

EXHIBIT No. 194, JANUARY 9, 1913.

FIRST NATIONAL BANK OF THE CITY OF NEW YORK.

Capital, net profits, and dividends for each year since organization.

Year.	Capital.	Net profits.	Dividends.
1863	$300,000	$13,016	None.
1864	500,000	266,905	$130,000
1865	500,000	207,171	100,000
1866	500,000	187,458	100,000
1867	500,000	57,807	50,000
1868	500,000	146,900	100,000
1869	500,000	173,105	125,000
1870	500,000	64,337	260,000

Capital, net profits, and dividends for each year since organization—Continued.

Year.	Capital.	Net profits.	Dividends.
1871	$500,000	$98,237	$110,000
1872	500,000	281,929	175,000
1873	500,000	242,816	75,000
1874	500,000	62,123	60,000
1875	500,000	277,280	60,000
1876	500,000	146,914	110,000
1877	500,000	753,227	60,000
1878	500,000	379,602	295,000
1879	500,000	1,345,530	600,000
1880	500,000	913,239	200,000
1881	500,000	977,969	450,000
1882	500,000	510,372	200,000
1883	500,000	370,397	200,000
1884	500,000	308,444	200,000
1885	500,000	739,844	200,000
1886	500,000	1,036,773	200,000
1887	500,000	732,669	200,000
1888	500,000	907,584	300,000
1889	500,000	573,435	500,000
1890	500,000	1,049,991	500,000
1891	500,000	831,177	500,000
1892	500,000	724,131	500,000
1893	500,000	544,562	500,000
1894	500,000	532,577	500,000
1895	500,000	357,996	500,000
1896	500,000	402,638	500,000
1897	500,000	487,551	500,000
35 years	.....	16,605,526	9,060,000
1898	500,000	979,244	500,000
1899	500,000	1,032,895	500,000
1900	500,000	2,154,301	500,000
1901	500,000	12,906,357	10,750,000
1902	10,000,000	3,415,749	2,000,000
1903	10,000,000	2,744,170	2,000,000
1904	10,000,000	3,443,562	2,000,000
1905	10,000,000	4,669,719	2,625,000
1906	10,000,000	5,330,207	2,675,000
1907	10,000,000	3,378,393	3,200,000
1908	10,000,000	10,677,092	12,600,000
1909	10,000,000	4,305,268	2,800,000
1910	10,000,000	3,627,463	2,800,000
1911	10,000,000	4,374,886	3,800,000
1912	10,000,000	[1] 2,474,805	[1] 2,100,000
15 years	.....	65,504,091	50,850,000

Year.	Surplus.	Surplus and profits.	Year.	Surplus.	Surplus and profits.
1863	None.	None.	1888	$5,000,000	$5,542,865
1864	None.	$13,016	1889	5,000,000	6,150,063
1865	$100,000	149,922	1890	5,000,000	6,223,498
1866	200,000	257,092	1891	5,000,000	6,773,489
1867	300,000	344,552	1892	5,000,000	7,104,670
1868	300,000	359,279	1893	5,000,000	7,254,551
1869	400,000	405,550	1894	5,000,000	7,299,113
1870	450,000	451,921	1895	5,000,000	7,331,690
1871	250,000	254,967	1896	5,000,000	7,189,685
1872	250,000	257,287	1897	5,000,000	7,092,323
1873	350,000	361,886	1898	5,000,000	7,079,874
1874	500,000	521,128	1899	5,000,000	7,559,118
1875	500,000	515,250	1900	5,000,000	7,964,632
1876	300,000	415,773	1901	5,000,000	7,484,767
1877	300,000	413,000	1902	10,000,000	11,641,124
1878	800,000	1,039,668	1903	10,000,000	13,056,873
1879	1,000,000	1,132,443	1904	10,000,000	13,801,043
1880	1,500,000	1,826,911	1905	10,000,000	15,244,605
1881	2,000,000	2,540,150	1906	15,000,000	17,289,324
1882	2,500,000	3,018,121	1907	15,000,000	19,944,531
1883	3,000,000	3,328,602	1908	15,000,000	20,122,924
1884	3,000,000	3,498,698	1909	15,000,000	18,200,017
1885	3,000,000	3,784,142	1910	15,000,000	19,706,285
1886	4,000,000	4,223,423	1911	15,000,000	20,533,749
1887	5,000,000	5,060,196	1912	15,000,000	20,896,827

[1] To Dec. 24, 1912.

EXHIBIT No. 195, JANUARY 9, 1913.

[First security final. 14 Feb., 1908.]

This agreement made this 14th day of February, 1908, by and between George F. Baker, Harris C. Fahnestock, Francis L. Hine. Henry P. Davison, George F. Baker, jr., and Charles D. Backus (hereinafter designated Trustees), parties of the first part; and J. Pierpont Morgan, James J. Hill, William H. Moore, James A. Blair, John J. Mitchell, Arthur C. James, Fisher A. Baker, and others (hereinafter designated as Stockholders), parties of the second part.

Whereas each and every of the parties of the first part is an officer of the First National Bank of the City of New York (hereinafter designated the Bank), and each and every of the parties of the second part is a stockholder of the Bank; and

Whereas the Bank, being organized under the national banking corporation act of Congress, is limited in its power to acquire and to hold real estate, securities, stocks, and other property; which limitation of power is embarrassing to the conduct of the legitimate business of the Bank, and of business properly incidental thereto, and operates to the pecuniary disadvantage of the stockholders of the Bank; and

Whereas the parties hereto are advised and believe that the inconvenience and loss thus resulting from such limitation of the corporate power, lawfully and properly may be avoided by the organization and maintenance of a business corporation (hereinafter designated the Security Company) under the laws of the State of New York, for the purpose of acquiring, holding, and selling securities; in which Security Company after the lawful organization thereof officers or directors of the Bank shall be the directors, and, as joint tenants and not as tenants in common, shall be stockholders, in such way, however, that the beneficial interest resulting from such stock (but not the right to vote) may accrue continuously and irrevocably to such persons assenting thereto as from time to time shall be registered stockholders of the Bank or of its successor, severally and respectively, in proportion to their registered holdings of the stock of the Bank or of its successor; and

Whereas, to the end above stated, it is desired that all of the Stockholders of the Bank shall enter into a written agreement for the preparation and consummation of a plan for the organization of the Security Company, with power to purchase, hold, and sell securities, and for the patrons of the Bank to conduct certain lines of business which, though often transacted by bankers, are not expressly included within the corporate powers of banks; and also by such written agreement to provide for the ownership of the stock of the Security Company and for the management of its affairs:

Now, therefore, in consideration of the premises, and of the mutual promises herein contained, and of the expected performance thereof, and of the sum of one dollar by each of the parties to the other in hand paid, the receipt whereof is hereby acknowledged, all of the parties hereto, severally and respectively—that is to say, the trustees with the stockholders, and the stockholders with the trustees, and each and every of the stockholders with each and every other stockholder—mutually do promise, consent, and agree as follows, to wit:

First. The parties of the first part and their successors may and shall take, or shall cause to be taken, such proceedings as by counsel learned in the law shall be advised to be proper to organize under the business corporations law of the State of New York a Security Company, with a capital stock of $10,000,000, such corporation to be organized and to be maintained and managed substantially as hereinafter provided; and the several and respective rights of the parties hereto, and of their successors in interest, in, to, and over such Security Company, and its capital stock, shall be such as are hereinafter indicated, to wit:

1. The name of the corporation shall be First Security Company.

2. The capital stock of the Security Company shall be ten million dollars divided into one hundred thousand equal shares, each of the par value of one hundred dollars.

3. The shares of the capital stock of the Security Company after organization so far as may be under the laws of New York, may be and shall be subscribed for by the parties of the first part or their successors as joint tenants and not as tenants in common, and payment therefor shall be made as hereinafter provided. After such payment, so far as may be under the laws of New York, the capital stock of the Security Company principally, if not exclusively,

shall be so held, and from time to time shall be so transferred, that at all times during the continuance of this agreement, the same shall be held by, and be registered on the stock books of the Security Company in the names of, the persons who, severally and respectively then shall be directors or officers of the Bank or of its successors as aforesaid, as joint tenants and not as tenants in common. Except as hereinafter otherwise provided such persons at all times may and shall exercise all the rights and powers of absolute owners of such stock, but nevertheless such persons shall possess and shall exercise such powers in trust, and shall be free from and shall be indemnified against any and all personal liability as stockholders. Whenever any one or more of such joint tenants (also hereinafter called Trustees) shall cease to be a director or to hold his said office in the Bank, or by reason of death, disability, resignation, or otherwise, shall cease to perform his duties as one of such joint tenants hereunder, then and in every such case forthwith ipso facto he shall cease to be one of such joint tenants, and any vacancy so resulting shall be filled by the writing of the surviving joint tenants, designating an officer or director of the Bank as aforesaid, and all the interest of the director or officer ceasing to act, in the capital stock of the Security Company, ipso facto, shall pass to and shall vest in the officer or director so designated, jointly with the other joint tenants.

4. Payment for the capital stock of the Security Company may be made by the Trustees out and to the extent of a special or extra dividend hereafter to be declared on the shares of the Bank out of the surplus or net profits of the Bank and in an aggregate amount equal at least to the said capital stock of the Security Company. In the event that within one year from the date hereof such extra or special dividend shall be declared and shall be paid by the Bank, the Trustees, or their successors in behalf of the stockholders of the Bank, subscribers hereto, shall have power to receive and to receipt for their several shares of such extra dividend and to apply the same in payment for the capital stock of the Security Company. To that end each and every of the stockholders, subscribers hereto, does sell, assign, transfer, and set over unto the said parties of the first part, their successors, and the survivors of them in office, as joint tenants and not as tenants in common, all his right, title, and interest in and to any such extra or special dividend, to be used and applied in making payment for capital stock of the Security Company.

5. Upon the completion of the organization of the Security Company each and every of the stockholders, subscribers hereto, will and shall present to the Trustees for indorsement, as hereinafter provided, his outstanding certificate of stock in the Bank; and then and thereupon and until the termination of this agreement there shall be placed upon such Bank stock certificate and upon each and every Bank stock certificate thereafter issued in lieu and substitution therefor, upon transfer thereof, the following indorsement, to wit:

[Form of indorsement.]

The registered holder of the within certificate is entitled, for and in respect of each and every share of stock of the First National Bank of the city of New York represented thereby, to share equally and ratably with all other holders of stock certificates of the Bank similarly indorsed, according to their several interests, in the dividends or profits and, in case of dissolution, in the distribution of the capital of the First Security Company, a corporation of the State of New York organized in pursuance of a certain written agreement dated February 14, 1908, between George F. Baker and others, Trustees, and J. Pierpont Morgan and others, Stockholders; such interest of the owner of the within certificate and of all other like certificates, similarly indorsed, being subject to all the terms, conditions, and limitations of said agreement, such ratable interest to be sold or transferred ratably only by the transfer upon the books of the Bank of one or more of the shares of the stock in the Bank represented by a Bank stock certificate bearing this indorsement; and all of the interest in and to or in respect of said Security Company or its capital stock, represented by a Bank stock certificate bearing this indorsement, shall pass ratably with and only with the transfer of such shares of the Bank represented by such Bank stock certificate, and upon transfer thereof upon the books of the Bank, and an interest in the Security Company attached to any share of the Bank shall be alienable only in connection with such transfer of such Bank stock.

No holder of the within certificate or any transferee of any share thereby represented shall be entitled in lieu thereof to demand or to receive from the Bank a new certificate except with this indorsement thereon; and a transfer

of any share of Bank stock represented by the within Bank stock certificate shall be made by any holder thereof only to a transferee accepting therefor a new certificate bearing his indorsement.

No right to vote upon or in respect of any stock of the Security Company passes to or shall be exercised by the holder of the within certificate, such voting right being reserved to and by the Trustees or their successors.

——— ———,
——— ———,
——— ———,
Trustees.

By ——— ———, *Agent.*

6. From and after the placing of such indorsement upon any Bank stock certificate, the registered holder thereof shall be invested with such rights and with only such rights in respect of the Security Company or of its capital stock as are indicated in this agreement or in such indorsement, and shall have no right to vote any stock of the Security Company, which right to vote is and shall be reserved exclusively to and by the Trustees and their successors.

7. No person who at the time shall not be a director of the Bank, or of its successor as aforesaid, shall be eligible for the office of director of the Security Company; and if, after election, any such director of the Security Company for any cause shall cease to be a director of the Bank, or of its successor, ipso facto he shall cease also to be a director of the Security Company.

Second. 1. In consideration of the execution and of the expected performance of this agreement by the stockholders, the Trustees have become parties hereto and each of them will present his Bank stock certificates for indorsement under the plan herein proposed.

2. The Trustees and their successors, as joint tenants and not as tenants in common, will accept, and faithfully and regularly will discharge, the duties assumed and imposed under this agreement in respect of the Security Company and of the capital stock thereof, and will receive and will make payment for such capital stock out of the extra or special dividend by them to be received from the Bank on account of the stockholders thereof, subscribers hereto, severally and respectively, according to their ratable interests; and from time to time they will cause to be indorsed upon each and every certificate of stock of the Bank duly presented for such purpose the statement or indorsement hereinbefore set forth.

3. During the continuance of this agreement, the Trustees and their successors, as joint tenants and not as tenants in common, but without personal liability as stockholders, shall possess and will exercise all of the rights and powers of absolute owners of capital stock of the Security Company, except as otherwise herein provided, and except also to the extent and in so far as they shall receive express directions in writing signed by the holders of at least two-thirds in interest of the certificates of stock of the Bank then outstanding and so indorsed, to which written directions they will and shall conform; it being expressly understood and agreed that in any and all particulars the provision of this agreement and of the certificate of incorporation of the Security Company may be and shall be amended wherever and as often as the holders of such two-thirds interest shall assent to the action of the Trustees or of a majority of them in making such amendment.

4. At any and all times when, as stockholders of the Security Company, the Trustees or their successors shall receive dividends either from the profits of the said company, or, upon final dissolution thereof, from its capital stock, they will, upon the day of their receipt thereof, pay the same over to the Bank, or its successor as aforesaid for the time being, for immediate distribution by the Bank to, among, and between the holders of the Bank stock certificates bearing indorsement as aforesaid, and ratably according to their interest in the recorded ownership of such shares of stock of the Bank, or its successor for the time being subject to this agreement.

5. In each instance the Trustees shall take from the Bank or from its successor, as the case may be, its written receipt for any dividend so paid over, and its undertaking promptly to distribute as aforesaid the funds so received, which receipt and undertaking shall be a good and sufficient voucher and discharge for the Trustees in respect to any and all dividends by them so received and paid over.

Such receipt and undertaking may be in form substantially as follows:

[Form of receipt.]

Received of ——— ———, holders of capital stock of First Security Company, under and by virtue of a certain agreement dated February 14, A. D. 1908, between George F. Baker and others, Trustees, parties of the first part, and J. Pierpont Morgan and others, stockholders of the First National Bank of the City of New York, parties of the second part, ——— dollars, being the total dividend No. —— of —— per cent on its capital stock this day paid by the First Security Company.

This sum has been so paid to and is received by the undersigned for immediate and ratable distribution to the recorded shareholders of the undersigned in proportion to their holdings severally and respectively of the stock of the undersigned, which shall have been indorsed as set forth in said agreement.

7. If for any reason it shall be or shall become impracticable to distribute said dividends through the agency of the Bank, as above proposed, then the Trustees themselves forthwith shall distribute each dividend as and when received to the persons who would be entitled to receive the same if the distribution thereof were made by the Bank, as above proposed.

8. The number of trustees under the trusts herein created shall continue to be the same as the number of officers of the bank, namely, the president, the vice presidents, and the cashier. If any trustee shall have ceased to be such an officer of the bank, or by reason of death, disability, or resignation, shall have ceased to perform his duties as trustee hereunder, then, and in every such case forthwith ipso facto, his office as trustee shall be vacant; and during any vacancy the remaining trustees may execute all the trusts imposed hereunder upon the trustees. Any vacancy from time to time in the number of trustees shall be filled by the writing of the surviving trustees, designating to fill such vacancy a person who then shall hold in the bank the position of president, of vice president, or of cashier, and any person so designated shall be vested with the same powers, duties, property, and privileges as are given to a trustee named in or under this agreement.

Third. The reasonable expenses and compensation of the Trustees and the expenses of the Security Company and of its organization, including the preparation of this agreement, and the indemnification of the Trustees against any and all liability by them incurred hereunder or in respect of any action by any of them taken in good faith in pursuance hereof, shall be borne and be paid by the Security Company out of and from the interests therein of the parties of the second part hereto, their successors, and assigns, including any person who hereafter may become a party hereto, under the provisions of article seventh hereof.

Fourth. All questions arising under or in respect of this agreement, or of the relations to the Security Company of the holders of such indorsed Bank stock certificates shall be determined from time to time by a majority of the Trustees either at a meeting or by a writing with or without meeting; and in like manner they may establish their rules of action, and they and each of them may vote or act either in person or by proxy to any other Trustee or to any person not a Trustee, or by such agent as from time to time they may appoint. Any Trustee at any time may resign by delivering his written resignation to the other Trustees.

Fifth. The Trustees from time to time will exercise their best judgment in the selection of directors of the Security Company so that its affairs may be properly managed; and also in any matter which may come before them; but they assume no responsibility in respect of such management or in respect of any action taken pursuant to their determination, and they may vote for themselves or for any of them for any office to be filled by their vote in consequence of this agreement; it being understood that, except for his own gross negligence or willful malfeasance no Trustee incurs or shall incur any responsibility by reason of any matter or thing done or omitted under this agreement.

Sixth. No right to vote upon or in respect of any stock of the Security Company passes to or shall be exercised by any party, or by the transferee of any party to this agreement, other than the recorded stockholders of the Security Company.

Seventh. A copy of this agreement at all times shall be on file in the office of the Security Company, open to inspection by any stockholder thereof or by any party, or the transferee of any party hereto; and any and every registered

holder of stock of the Security Company, or of an indorsed Bank stock certificate, shall be entitled to become party hereto.

But any registered holder of a Bank stock certificate not indorsed as aforesaid prior to September 1, 1908, may, in respect of such stock, thereafter become party hereto only upon and by delivering to the Trustees for indorsement his Bank stock certificate and paying to them for delivery to the Security Company a sum to be determined by the Trustees for each and every share of stock represented by such certificate. In each and every such case the Trustee shall subscribe and shall pay for such number of shares of the unissued stock of the Security Company as the moneys received shall permit, at such rate per share as shall be determined by the Trustees; and the stock received from the Security Company upon such subscription by the Trustees shall be held by them in the same manner and upon the same conditions as the stock by them originally subscribed and paid for pursuant to this agreement.

This agreement shall continue to be operative and to be in full force and effect for the term of five years from the day when the same shall become effective, and thereafter until the same shall have been terminated by the written direction of the holders of two-thirds in interest of the stock certificates of the Bank or of its successor, indorsed as aforesaid.

Eighth. Upon the termination of this agreement, the shares of stock of the Security Company shall be distributed ratably to and among the holders of record of the stock certificates of the said Bank, or of its successor, as aforesaid, then outstanding and indorsed as aforesaid, in proportion to their said several holdings.

Ninth. This agreement shall bind and benefit not only the subscribers hereto, but also the successors in office of the Trustees and the assignees and the transferees of every Bank stock certificate indorsed as hereinbefore provided.

Tenth. This agreement may be executed in several counterparts, of which each one so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

In witness whereof the several parties have hereunto set their hands in the city of New York, the day and year first above mentioned.

_____ _____,
_____ _____,
_____ _____,
Trustees.

Stockholders.	Shares of stock.

EXHIBIT No. 196, JANUARY 9, 1913.

[First Security Co. 5 Feb., 1908.]

CERTIFICATE OF INCORPORATION OF FIRST SECURITY COMPANY.

STATE OF NEW YORK, *County of New York, ss:*

We, the undersigned, Fisher A. Baker, Francis L. Hine, and George F. Baker, jr., all being of full age and being citizens of the United States, and all being residents of the State of New York, for the purpose of forming a business stock corporation, pursuant to and in conformity with the laws of the State of New York, do hereby make, sign, acknowledge, certify, and set forth as follows:

First. The name of the proposed corporation is First Security Company.

Second. The objects for which the corporation is formed are as follows:

To acquire by purchase or otherwise, and to hold, improve, develop, use, lease, sell, exchange, or otherwise deal with or dispose of real and personal property of any character, and also letters patent, patent rights, or other property or rights.

To acquire by purchase, subscription, or otherwise and to sell and deal in stock, bonds, notes, or any evidence of indebtedness of any corporations or cor-

porations, or of any individual or individuals, or of the United States, or of any State, county, or municipality herein; to hold for investment or otherwise, and to use, sell, or otherwise dispose of any stock, bonds, notes, or evidences of indebtedness; to do any acts or things for the preservation, protection, improvement, or enhancement of the value of any such stock, bonds, notes, or other evidences of indebtedness held by it; and to aid in any manner any corporation or association of which any bonds, notes, or other securities or evidences of indebtedness, or stock, are so held; and, while owner of any such stock, bonds, notes, or other evidences of indebtedness, to exercise all the rights, powers, and privileges of ownership, including the right to vote thereon.

To purchase or otherwise to acquire, and to hold for investment or otherwise, and to sell and to deal in, any bonds or notes or loans secured by mortgage or other lien on real property, or by pledge of personal property; and to lend money upon mortgage on real property or upon pledge or hypothecation of personal property or choses in action.

The business or purpose of the corporation is from time to time to do any one or more of the acts and things herein set forth either as principal or as agent for any other corporation or any individual; and the corporation may conduct its business in other States and in foreign countries, and have one or more offices out of the State of New York, and may hold, purchase, mortgage, and convey real and personal property outside of the State of New York:

Provided, however, That nothing herein contained shall be construed as including in the business or purpose of the corporation the transaction of the business of banking, or as constituting the corporation a railroad corporation or a transportation corporation, or as contemplating the acquisition or the holding of the capital stock of a railroad corporation, street railroad corporation, or other common carrier in contravention of law.

Without in any particular limiting any of the objects or powers of the corporation, it is hereby expressly declared and provided that the corporation shall have power to issue bonds and other evidences of indebtedness in payment for property purchased or acquired by it, or for any other object in or about its business; to sell or to mortgage or to pledge any stocks, bonds, or other evidences of indebtedness or other property which may be acquired by it; to make and to perform contracts of any kind or description, and, in carrying on its business, or for the purpose of attaining or furthering any of its objects, to do any and all other acts and things and to exercise any and all other powers which a copartnership or natural person could do or exercise and which now or hereafter may be authorized by law.

It is the intention that, except as otherwise expressed in this section, the objects above specified shall be in nowise limited or restricted by reference to or inference from the terms of any other article, clause, or paragraph in this certificate.

Third. The amount of the capital stock of said corporation is one thousand dollars ($1,000).

Fourth. The number of shares of which said capital stock shall consist is ten (10), each of which is of the par value of one hundred dollars ($100). The amount of capital with which said corporation will begin business is one thousand dollars ($1,000).

Fifth. The principal business office is to be located in the Borough of Manhattan, in the city of New York.

Sixth. The duration of said corporation shall be perpetual.

Seventh. The number of directors of the said corporation is three.

Eighth. The names and post-office addresses of the directors for the first year are as follows:

Francis L. Hine, New York City, N. Y.
George F. Baker, jr., New York City, N. Y.
Fisher A. Baker, New York City, N. Y.

Ninth. The names and post-office addresses of the subscribers of this certificate and the number of shares of stock which each agrees to take in said corporation are as follows:

	Shares.
Francis L. Hine, New York City, N. Y	4
George F. Baker, jr., New York City, N. Y	3
Fisher A. Baker, New York City, N. Y	3

Tenth. No director need be a holder of the capital stock of the company. No person who at the time shall not be a director of the First National Bank of the City of New York or of its successor shall be eligible for the office of di-

rector of the company; and if, after election, any such director of the company, for any cause, shall cease to be a director of the bank, or of its successor, ipso facto he shall cease also to be a director of the company. In case of any vacancy in the board of directors through death, resignation, disqualification, or other cause the remaining directors, by vote of a majority of the board of directors, may elect a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant and until the election of a successor.

The board of directors shall have power to hold their meetings outside the State of New York at such places as from time to time may be designated by the by-laws or by resolution of the board. The by-laws may prescribe the number of directors necessary to constitute a quorum of the board of directors, which number may be less than a majority of the whole number of directors but not less than the number required by law.

Any officer elected or appointed by the board of directors may be removed at any time by vote of a majority of the whole board of directors. Any other officer or employee of the company may be removed at any time by vote of the board of directors, or by any committee or by any superior officer upon whom such power of removal may be conferred by the by-laws or by the vote of the board of directors.

The board of directors, by vote of a majority of the whole board, may appoint from the directors such committees as they may deem judicious; and to such extent as shall be provided in the said resolution or in the by-laws of the company, may delegate to such committees all or any of the powers of the board of directors which may be lawfully delegated, and such committees shall have, and thereupon may exercise, all or any of the powers so delegated to them.

The board of directors may appoint not only the officers of the company, but also one or more vice presidents, one or more assistant treasurers, and one or more assistant secretaries; and to the extent provided in the by-laws the persons so appointed, respectively, shall have and may exercise all the powers of the president, of the treasurer, and of the secretary, respectively.

Any director may vote or may act in behalf of this company in contracting with any other company, notwithstanding he may be a director or a stockholder therein. Any act or contract ratified by a majority of a quorum of the stockholders, at an annual meeting or a special meeting, shall be as binding as though ratified by every stockholder.

The company as permitted by law may purchase, acquire, hold, and dispose of the stock and bonds and other evidences of indebtedness of any corporation, domestic and foreign, and in exchange therefor may issue its own stock, bonds, and other obligations.

The board of directors may make by-laws, and, from time to time, may alter, amend, or repeal any by-laws; but any by-law made by the board of directors may be altered or repealed by the stockholders at any annual meeting or at any special meeting, provided notice of such proposed alteration or repeal shall be included in the notice of such meeting.

In witness whereof, we have made, signed, and sealed this certificate in duplicate the 4th day of February, 1908.

FISHER A. BAKER. [L. S.]
FRANCIS L. HINE. [L. S.]
GEORGE F. BAKER, JR. [L. S.]

STATE OF NEW YORK,
County of New York, ss:

On the 4th day of February, 1908, before me personally came Fisher A. Baker, Francis L. Hine, and George F. Baker, jr., to me personally known and known to me to be the individuals described in and who executed the foregoing certificate, and they severally acknowledged to me that they executed the same.

[SEAL] THOMAS T. GRACE,
Notary Public, New York County.

(Indorsed on back:) First Security Company. Certificate of Incorporation. Dated 4th February, 1908. Filed Feb. 7, 1908, at Albany. Filed Feb. 10, in New York. Capital increased to $10,000,000 and paid in.

×

UNITED STATES
HOUSE OF
REPRESENTATIVES

MONEY TRUST
INVESTIGATION
16-29
INDEX
1-27

HG
181
.A4
1913
V.16-29
Cop. 2.

UNIV.
OF
MICH.